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Food Stamp Program ²⁻²

⁴⁶ CERTIFICATION VIDEOTAPE TRAINING SCRIPT ^{0/0}



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Food and Nutrition Service. 
FNS-191

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PROCUREMENT
CURRENT SIGNAL RECORD

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December 1978

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FOOD STAMP PROGRAM

INTRODUCTION TO CERTIFICATION TRAINING

Since 1964, the Food Stamp Program has helped millions of Americans obtain a more nutritious diet. While there has been widespread debate over the best way to administer the program, it is generally agreed that its ultimate goal -- providing a better diet to low-income families -- is a vital one.

Signing
Visual

On September 29, 1977, the President signed into law the Food Stamp Act of 1977. This new Act makes changes in the current program. When the U.S. Department of Agriculture, which administers the program at the national level, received the Act, it began to write proposed regulations. Regulations

Regulation
Visual

are rules that a government agency makes in order to implement a law passed by Congress. They generally are more detailed than the law itself and are published for public comment before they are made final. The comments on the proposed

Close
Look
Visual

food stamp regulations were compiled and analyzed. As a result, many changes were made. Using the final regulations as a basis, the specific agency of the Department of Agriculture which has responsibility for the program, the Food and Nutrition

Inst.
Visual

Service, published a certification instruction. This instruction contains the same information as the regulations plus some examples. State agencies use this instruction to develop

manual material for use by eligibility workers in the actual certification of households. In doing so, State agencies elect certain optional procedures and tailor the instructions to their own office procedures. For example, the organizational structure and food stamp forms may vary from State to State. The State agency's certification manual is what you should use as a reference when certifying households.

There are several major provisions of the Food Stamp Act which I will go over now.

- Perhaps the biggest change is elimination of the purchase requirement. In connection with this, households will now receive only the bonus value, rather than the total value, of the Thrifty Food Plan which they could previously purchase.
- Another significant change is that the number of deductions has been reduced to the following:
 1. A standard deduction for all households,
 2. A 20-percent earned income deduction, and
 3. Deductions for dependent care and excess shelter costs not to exceed a certain amount.

Std. Deduction
Visual

20% Visual

Care
Visual

Amount
Visual

- The income and resource standards apply to all households including Public Assistance(PA) and Supplemental Security Income(SSSI) households.
- Several provisions affecting the handling of resources have also been changed. The resource limit for most households has been increased from \$1,500 to \$1,750. In addition, the value of a car over \$4,500 will be counted, except when it is used to produce income such as a taxi.
- The cooking facilities requirement has been eliminated. To be a household, people must live together and buy food and prepare meals.
- To be disqualified for fraud, an individual must be found guilty by a hearing or a court.
- The allotment will be calculated by computing 30 percent of net income rather than using a table which has increments.

The various training segments which will follow go over the certification procedures under the new Act in detail. The total certification training package consists of 18 videotapes, a workbook and questions and answers. Don't forget to refer to your State agency's certification manual if you have any doubts or questions.

I. Application Processing

A. Applications and Processing Time

(Objectives) This segment is concerned with how available the applications are and the time it takes to process them for various households. The objective of this segment is to familiarize you with all the requirements of the application process, so that you will be able to do your job quickly and accurately. You should be able to:

- determine when and how applications can be filed,
- explain and determine who is eligible for expedited service, and
- process various types of applications including expedited, regular, pending, and denied.

(Text) In this segment, the requirements for making application forms available will be discussed first. Later, the processing procedures will be covered.

Application Form

The local office must make application forms readily accessible to potentially eligible households and provide an application to anyone who requests it. In addition, it must encourage households to file application forms the same day they contact the food stamp office, and tell them they can file an application before having an interview. Also, the local office must post signs explaining the application processing standards and the household's right to file an application on the same day.

Sign Here for Food Stamps Visual

Households may file an application in person, through an authorized representative or by mail.

Application

When a household files a food stamp application, it must contain the applicant's name, address, and the signature of a responsible member of the household, or an authorized representative.

If the household contacts the appropriate food stamp office in person, by phone or requests assistance in writing, the local staff must mail an application form to the household the same day the request is received. If a household contacts the wrong certification office in the project area, the office must give the household the address and telephone number of the right office.

If a household mails its application to the wrong office, the office must mail it to the right office the same day.

The household may voluntarily withdraw its application. If it does, you must document in the case file the reason for the withdrawal, if one was given, and contact the household to confirm the withdrawal. You must also advise the household of its right to reapply.

The amount of time the State agency has to deliver benefits is calculated from the date the application is filed in the appropriate food stamp office. Therefore, you must record the date it was received on the application.

Screening
Households
Visual

When a household applies for food stamps, the certification office must first see if it is in immediate need of food assistance. If it is, it is entitled to faster certification and issuance than other households.

"Expedited
Service with-
in 2 Working
Days"

For households entitled to expedited service, the State agency must mail an Authorization to Participate (ATP) or coupons no later than the close of business on the second working day after the date of application.

As an alternative, the State agency can make them available to be picked up by the start of business on the third day. In States that do this, the household has the option of picking up the coupons or have them mailed.

For residents of drug addiction or alcoholic treatment and rehabilitation centers who are entitled to expedited service, the State agency must mail the ATP or coupons or make them available no later than 7 working days after application.

There are two types of households that are entitled to expedited service.

First, there are those with zero net monthly income.

Next, there are those who are destitute. Certain households whose only income is from a new source, or a terminated source, are destitute. Destitute households will be discussed in more detail in another segment.

If a household is entitled to expedited service and a waiver of the office interview, you must conduct the interview by the first working day after application. If the application is not complete and a telephone interview is conducted, you must

complete the application and mail it to the household the same day. The processing standard for these households begins with receipt of a completed and signed application.

If you don't find out that a household is entitled to expedited service right away, the processing standard begins when you discover this.

To speed up the certification of households that are eligible for expedited service, you must first postpone normal verification. However, you must verify through a collateral contact or readily available documentary evidence, such as a driver's license, the household's identity and residency. If possible, the household's income statements should be verified at the same time if it will not delay benefits.

Once the household has supplied the name of a collateral contact or has asked for assistance, you must promptly contact the collateral contact or otherwise assist the household in getting verification.

Under expedited service, households are assigned a normal certification period if they have provided all the necessary verification. If verification

was postponed, the State agency may certify the household for the month of application only or for a normal certification period. This varies from State-to-State. In either case, verification must be obtained prior to issuance of the second allotment. You should check your certification manual to see how this is done in your State.

There is no limit on the number of times a household can be certified under expedited procedures if it completes the postponed verification before it is recertified.

"Most
Households
...30 Days"

For all other eligible households, the State agency must provide the household an opportunity to participate within 30 days after an application is filed.

An opportunity to participate means giving the household coupons or an ATP card and having an issuance facility open and available.

When ATPs or coupons are mailed, the State agency must mail them at least 2 days before the end of the 30-day processing time to allow for mail lag.

Denied
Visual

If the household fails to show up for 2 interviews and doesn't contact you, you must deny the application on the 30th day. In instances other than failure to appear for a scheduled interview, State agencies may

choose to either deny or pend households on the 30th day following the date the application was filed if the State agency is unable to take action on the case because of some fault of the household.

This option may vary from project area to project area, and you should check your certification manual to see which applies to you. If a notice of denial is sent and the household provides the verification within 60 days from the date the application was filed, you must reopen the case without a new application.

Pending Notice
Visual

If a notice of pending status is sent, you must hold the case pending for an additional 30 days.

For a delay to be considered the fault of the household, you must have taken the following action.

--For a household that failed to complete the application form, you must have offered assistance in completing it.

--If a member failed to register for work, you must have informed the household of the need to do this and have given it at least 10 days from the date of notification to register the member.

--In cases where verification is incomplete, you must have provided assistance as required and allowed the

household sufficient time to provide it. Sufficient time is 10 days from your initial request for verification.

--For households that failed to appear for an interview, you must have attempted to reschedule the interview one time during the 30-day period.

If the household is found eligible during the second 30-day period, and the delay was the fault of the household, you must provide benefits only for the month in which you found the household was eligible. The household is not entitled to benefits retroactive to the month of application when the delay was its fault.

Calendar
Visual

If an application cannot be processed during the required 30 days because of some action you must take, you must notify the household by the 30th day that its application is being held pending. If the household is found eligible during this 60-day period, the household is entitled to benefits retroactive to the month of application.

Sometimes, it may be your fault that the household's eligibility has not been determined by the 60th day. If so, you must determine if the household is entitled to restoration of lost benefits for the 60-day period,

and you may require the household to submit a new application.

Hold Box
Visual

In other cases you may have sent a notice of pending status by the 30th day but then cannot take any further action due to the fault of the household. In these cases, you must continue to hold the application pending until the household takes the required action or until the 60th day following the date of application, whichever occurs first. If the household takes the action within this time, you must determine its eligibility for the current month. However, it is not entitled to retroactive benefits. If the household does not take the required action within the 60-day period, you should deny the application.

(Summary)

This concludes the requirements for making application forms available and the processing time standards. When processing applications, you should know how to:

- determine when and how applications are filed,
- determine which households are entitled to expedited service, and
- properly handle cases that are pending after 30 days.

(Workbook)

I. Application Processing

B. Interview, Verification, Refusal to Cooperate, and Public Assistance Processing Standards

(Objectives) This segment concerns the interview and verification requirements of application processing, and what to do when a household refuses to cooperate. It also covers public assistance processing standards. The interview and verification requirements are very important to make sure that all households are properly certified or denied. For this reason, the objective of this segment is to make sure that you:

- handle interviews correctly,
- require the proper verification,
- take action when a household refuses to cooperate, and
- understand the special procedures for PA households.

(Text) The first part of this segment will deal with interviews.

The certification office must interview all applicant households. Most households must have a face-to-face office interview with you. The person interviewed may be the head of the household, spouse, any other responsible member of the household, or an adult authorized

Closed Door
Chart

representative who knows the household's circumstances. You must conduct the interview as an official and confidential discussion of relevant circumstances. You must protect the applicant's right to privacy during the interview.

Lady in
Chair Chart

For some applicants who are 65 or older, or mentally or physically handicapped, the office interview is waived. This is done when they cannot authorize a representative, and no household member is able to come to the office.

There are other circumstances when the State agency has the option to waive the office interview. They can do this when no household member is able to come to the office, because of transportation difficulties or similar hardships. These hardships may include illness, prolonged severe weather, or work hours.

Telephone
and Home
Visit Visuals

These households have the option of a telephone interview or a home visit.

Before you visit a home, you must first schedule an appointment. During the visit, you must go over each item on the application. You must explore and resolve any unclear and incomplete information.

"Rights

Fair Hearing

Responsibili-
ties"

In addition, advise the household of its rights, such as fair hearings, and its responsibilities, such as reporting certain changes in its circumstances.

It is very important to thoroughly and properly conduct the interview. You must make sure that the household understands its rights and responsibilities and is properly certified.

Also, try to schedule all interviews in a way that will give households enough time to obtain needed verification and meet the 30-day opportunity to participate standard. If a household fails to appear for an interview, it is automatically rescheduled one time.

"Verification"

Verification is the use of third-party information or documentation to establish the accuracy of statements on the application. You can only verify information when it is required.

First, I will discuss the items that require verification prior to initially certifying a household.

"Gross Income"

In most cases, you must verify gross nonexempt income before certifying the household. There is one exception to this rule. That is, when attempts to verify the income are unsuccessful, because the person providing

the income is not cooperating, or other documentation is not available. In these cases, you must decide what amount to use. This is based on the best available information, such as wages or payments normally paid to other households in similar circumstances.

"Alien
Status"

Verification is also required when a member of the household is identified on the application as an alien.

ID Card
Chart Visual

To verify lawful permanent resident alien status, you can use Immigration and Naturalization Service (INS) Forms I-151 or I-551, "Alien Registration Receipt Cards" or the "Reentry Permit." The "Reentry Permit" is the passport booklet for those aliens. Sometimes Form I-94, Arrival-Departure Record, can also be used as verification. If the I-94 does not indicate whether the alien has permanent residency status, the alien may get the necessary documentation from INS, or authorize you in writing to contact INS.

If verification of alien status is not timely provided, the eligibility of the remaining household members is determined.

With the exception of liquid resources and loans, other factors of eligibility are verified only if they are questionable. Questionable means that they are inconsistent with other statements made by the applicant or information known to you. If a household's expense exceeds its income, this may require verification. However, this is not grounds for a denial. You must explore with the household how it is managing and whether it receives excluded income or has resources.

The following special procedures must be followed when information is questionable.

You should verify household size and boarder status if it is questionable. However, the household's statement about buying and preparing food is generally accepted because it is difficult to verify.

Verification
Visual

If citizenship is questionable, you must require verification. There are several forms of acceptable verification. These include birth certificates, religious records and INS certificates of citizenship or naturalization.

If these forms of verification cannot be obtained, a signed statement, under penalty of perjury, from someone who is a U.S. citizen attesting that the member is a U.S. citizen can be used.

A member whose citizenship is in question can participate for two months pending verification of citizenship. If verification is not obtained by then, the member becomes ineligible and his income and resources are not counted.

You must verify the tax dependency status of students when they do not know their status and when they provide questionable information. For example, it may be questionable if a student claims he is not a tax dependent but he reports receiving over half of his support from his parents.

Student Tax
Form Visual

You must verify the student's tax status by mailing a form to the parents. The form will ask the taxpayer to state if the student is or could be claimed as a tax dependent. If so, the parent will indicate if his own parents household is currently certified for food stamps. If it isn't, the parent must provide his household size and gross income figures so you can make an eligibility determination.

If the parent does not respond or he indicates the student is ineligible, the student is ineligible.

If a mental or physical disability is claimed to get a work registration exemption, but the disability is not evident, you may require verification. Receipt of temporary or permanent disability benefits or a statement from a doctor or a licensed practitioner is adequate.

"Expenses Not
Verified"

Deductible expenses, other than utility costs, must not be verified unless they are questionable and they would actually result in a deduction. For example, rent is not verified if child care expenses exceed the limit.

"Actual
Utility
Costs"

If a household wishes to claim utility expenses in excess of the State's standard, it must provide verification. If it doesn't, you must use the utility standards. If the household wants to claim utility expenses for an unoccupied home, it must provide verification.

If other shelter costs or child care costs are questionable but not verified within 30 days, you must determine eligibility and the benefit level without the expense. If you did not give the household at least 10 days to provide verification, and the expense is verified within the next 30 days, the

household is entitled to restoration of benefits.

Each State agency determines when to verify liquid resources and loans. You should check your Certification Manual to find out how these are treated. If a loan has to be verified, a simple statement signed by both parties will do. However, if a household receives recurring payments but claims they are loans, you may require the provider to sign an affidavit stating that payments are being made in accordance with the repayment agreement.

Record
Visual

If possible, you should use written evidence as verification. Examples are wage stubs, award letters, and utility bills. If documentation is not available, you may use collateral contacts or schedule home visits.

Collateral contacts are verbal contacts in person or by phone with knowledgeable sources. Examples are employers, community action

Personnel Visual	<p>groups, migrant service agencies and neighbors. When information from another source contradicts statements made by the household, you must give the household an opportunity to resolve the discrepancy.</p>
Mail box Visual	<p>The household has the primary responsibility for providing verification. It can bring in the verification or it can mail it. If the household is</p>
"States Should Help"	<p>unable to timely obtain documentation, you must offer assistance. When it is necessary to designate collateral contacts, you are responsible for obtaining verification from acceptable contacts.</p>
BENDEX Release Visual	<p>If documentation of social security benefits is not available from the applicant, you may verify the information through the Beneficiary Data Exchange (BENDEX) System. You must use the amount of social security benefits reported on the application, pending verification. Any household member whose social security benefits will be verified in this way, must sign an information release statement valid for the certification period. You must submit this form with the request for verification.</p>
Case File Visual	<p>You must document the case file. This documentation must contain sufficient detail so that a reviewer can decide if the case has been acted on correctly. For example, the file should contain the verified information, how it was verified, the applicable period of</p>

time, and the date. You must also document the reason information was considered inconsistent and why alternative sources of verification were required.

"Recertifi-
cation"

At recertification, verification of unchanged information other than income is not required unless it is questionable. Changes reported at recertification are subject to the same verification procedures that apply to initial certification. However, you are not required to verify changes in income or actual utility expenses if the source has not changed or the amount has changed by \$25 or less.

Changes during the certification period are subject to the same verification procedures as initial certification. However, if previously verified income or expenses do not change by at least \$25 per month, verification is not required.

If a household refuses to cooperate in completing information on the application or verifying necessary information, you must deny the application. The same is true if the household, or its authorized representative, says no to a interview. Before a household is denied, it must state orally or in writing that it will not do what is required. For example, merely failing to keep an appointment will not result in a denial.

A household is also ineligible if it refuses to cooperate in a subsequent review of its eligibility, including program reviews and evaluations.

"Procedures
for PA
Households"

I will now cover the special procedures for public assistance (PA) households.

To help them participate in the program, the State agency must allow households whose members are applying for public assistance to apply for both programs at the same time. However, you must base the household's eligibility and benefit level on the food stamp eligibility criteria. Also, you must certify the household in accordance with the notice and procedural requirements for nonassistance households.

FS & PA
Application
Visual

The State agency must process all PA applications as food stamp applications, in accordance with the food stamp timeliness standards. The only exception is when a household indicates that it does not want food stamps. You must conduct a single interview at initial certification for both PA and food stamp purposes.

Following the interview, the State agency may have the application processed by different workers.

This varies from State to State.

Timeliness
Standards
Visual

There are differences in the PA and food stamp application processing procedures and timeliness standards. For this reason, you may have to determine food stamp eligibility before determining the household's eligibility for PA. You must not delay action on the food stamp portion of the application. Also, you cannot deny the application because the PA determination was not made.

For PA households, the food stamp verification procedures are followed for those items of eligibility which are needed only for food stamp purposes. The PA rules can be used for other verification if they will not delay food stamps beyond the 30-day period.

If a worker is able to anticipate the amount and date of receipt of the PA grant, but the grant is not anticipated for another month, you must assign a variable allotment. Other households have the subsequent receipt of PA payments handled as a change in circumstances. There are times when you do not have to notify a household of an adverse action. This occurs when the household is notified in advance that its benefits may be reduced or terminated at the time the grant is received. If a household's PA application is denied, you cannot require it to file

a new food stamp application. Instead, you must determine food stamp eligibility, or continued eligibility, based on the original application filed jointly for PA and food stamp purposes. The State agency may, at its option, require mixed households, those containing both PA applicants and nonassistance applicants, to file a separate application for food stamps.

(Summary)

This completes the application processing procedures. Now you should know how to:

- determine when a face-to-face interview is required,
- apply the appropriate verification requirements, and
- understand public assistance processing standards.

(Workbook)

II. Nonfinancial Eligibility Criteria

A. Household Concept

(Objectives) This segment of the training covers household concept. This concept is fundamental to the program, because participation is on a household basis. You must determine who is the head of the household and who the members are.

For this reason, the objectives of this segment are to teach you how to:

- determine the head of the household;
- use the authorized representative provision;
- define the household concept;
- identify the household members; and
- determine when roomers, boarders, and residents of drug or alcoholic treatment centers may be eligible.

Betty: Hello, Mike. My name is Betty. I am your supervisor, so I want to welcome you as one of our new eligibility workers. Do you have any questions concerning your new job?

Mike: Yes, I have several, if you don't mind. For instance, can any member be the head of the household?

Betty: This varies from State to State. In this State any adult member may be the head of the household.

Mike: Does this person have to come to the certification office to apply for food stamps?

Betty: No. Any responsible member can apply.

Mike: Can someone else apply on behalf of the household?

Betty: Yes. Any responsible member of the household may designate an authorized representative to act on the household's behalf. The representative may apply, obtain the coupons, or use the coupons. He can do any one or all of these things depending on the circumstances.

ARs...
...Apply
Visual

Mike: When can an authorized representative apply for participation in the program?

Betty: When the head of the household or the spouse cannot apply. This representative may or may not be another member of the household.

Mike: How are nonhousehold members designated?

Betty: In writing by any adult member of the household. The nonhousehold member must be an adult and must be familiar with relevant household circumstances.

Mike: Does the head of the household or the spouse have to participate in the application process, when the household has an authorized representative?

Betty: Whenever possible. This is important because the head of the household is held liable for any mistakes, such as the household receiving more benefits than it is supposed to due to the representative giving wrong information.

AR's Get
Stamp Visual

Mike: When can an authorized representative obtain coupons?

Betty: The household should designate someone to do this at the time of application. And, you must name the authorized representative on the identification card.

Mike: Can this authorized representative be different from the individual who filed the application?

Betty: Yes. Even if the head of the household or spouse are able to obtain coupons, you should encourage them to name an authorized representative. A representative may be needed because of illness or other circumstances.

Mike: If they don't, can they later designate an emergency authorized representative?

Betty: Yes. But it must be done in writing and refer to a particular ATP card. This is required each time there is an emergency.

Mike: Can the authorized representative just walk into a store and buy food for home consumption with the coupons?

AR's
Buy Food
Visual

Betty: The authorized representative must have the household's identification card and act with the full knowledge and consent of the household.

Mike: Can a household authorize a nonhousehold member, such as ineligible students or a disqualified household member, as its representative?

Betty: Yes, as long as that member is the only adult in the household and no one else is available to provide the service.

Mike: Can retailers, who are authorized to accept food coupons or food stamp employees act as an authorized representative?

Betty: Yes, but only if no one else is available and written approval is obtained from the proper welfare official.

Mike: Is there a limit on the number of households an authorized representative may represent?

Betty: No. However, the name of the authorized representative is recorded in each household's case file.

Mike: Are there any controls for authorized representatives?

Betty: Yes. When employers are designated or a representative has access to a large number of coupons, you must use caution to make sure the representative's assistance was freely requested and the household is receiving the correct amount of coupons.

Mike: What if I suspect a representative is not properly using the coupons?

Betty: You should report it to me.

"Household
Concept"

Mike: Let's get back to the household concept.
We still have to determine who is and who
is not a household member.

I know that an individual who lives alone
is considered a separate household, but
what if the person lives with others?
Can I certify that person as a separate
household?

Meals Separate
From Others
Visual

Betty: Yes, but only under certain circumstances.
The person must usually purchase food and
prepare meals separately from the others in
the house, or be a boarder paying a reasonable
price to the others for meals.

Mike: When should I certify a group of people as
a separate household?

Betty: A group of individuals who live together and
usually purchase and prepare their food
together is a household. The same is true
for a group of boarders who live with others
and pay a reasonable price to the others for
their meals.

Student
Visual

Mike: Can a husband and wife be separate households, if they are living together?

Betty: No. Separate eating units or boarder situations do not apply to spouses or dependent children under 18.

Mike: Are unborn children household members?

Betty: No.

Mike: What about student tax dependents?

Betty: College students who are 18 or over, and who are, or could be, claimed as tax dependents by an ineligible household are non-household members. Other nonhousehold members are SSI recipients in Massachusetts and Wisconsin.

Mike: Are individuals disqualified for fraud, or college students, 18 or over, who fail to meet the 20-hour work registration requirement, household members?

Betty: No, they are not. In addition, roomers and boarders are nonhousehold members. However, boarders who live in a noncommercial boarding house may qualify as a separate household.

Mike: Any others who aren't members?

Betty: Yes. Live-in-attendants and any other individual who lives with the household, but does not usually purchase and prepare meals with the household, is not a member of the applicant household.

Mike: Let's get back to boarders. Should I consider the total payment paid when deciding what is a reasonable amount?

Betty: When the boarder's payment for room is separate from that for meals, only count the amount paid for meals.

Mike: What is a reasonable monthly payment for meals?

More than
2 meals -
Thrifty Food
Plan

Betty: If boarders usually buy more than two meals per day, they must pay an amount at least equal to the Thrifty Food Plan for their household size. The amount must be paid in cash.

Two meals or
less - 2/3 of
Thrifty Food
Plan

If boarders usually buy two meals or less per day, they must pay an amount which is at least equal to two-thirds of the Thrifty Food Plan for their household size.

Mike: Are people who live in boarding houses eligible?

Betty: No. The Food Stamp Act prohibits participation by residents of boarding houses and institutions. However, the proprietor of a boarding house, if eligible, may participate in the program as a separate household.

Mike: What is a boarding house?

Boarding
House Visual

Betty: A boarding house, for food stamp purposes, is an establishment that is licensed to offer meals and lodging for compensation. The number of boarders is not important. In an area that does not have licensing laws, a boarding house is a commercial enterprise which offers meals and lodging to make a profit.

Mike: When are people considered residents of an institution?

Betty: When it provides them with the majority of their meals as part of its normal services and the institution is not authorized to accept food coupons.

Mike: Are residents of federally-subsidized housing for the elderly considered residents of an institution?

Betty: No. The same is true when narcotic addicts and alcoholics live in a treatment center that is authorized to accept coupons. However, they must participate in a drug or alcoholic treatment and rehabilitation program.

Mike: Should these narcotics addicts or alcoholics apply in person at the food stamp office?

Betty: No. The center must authorize an employee to be an authorized representative for them. The authorized representative applies on their behalf and obtains and spends the coupons for food prepared by, and served to, the addict or alcoholic.

Mike: I think I understand the household concept a little better now.

(Summary)

Mike understands the household concept because he knows the following:

- who the head of the household is;
- when an authorized representative is used;

- what members are included in the household;
- how to treat roomers and boarders; and
- whether residents of an institution are eligible.

(Workbook)

II. Nonfinancial Eligibility Criteria

B. Other Criteria

(Objectives) This portion of the training deals with non-financial eligibility criteria. Specifically, it will cover SSI, "cash-out" status, residency, citizenship and alien status, work registration and tax dependency.

"Nonfinancial
Eligibility
Criteria"

Mike: Betty, as my supervisor, I was hoping you could answer some questions I have on nonfinancial eligibility criteria. I understand that a household must meet certain nonfinancial requirements before an eligibility determination is made. Do you have time now to discuss my questions?

Betty: Certainly, Mike. I understand the problems of caseworkers, especially when they have to know all this information.

Mike: My first question is what is the SSI cash-out provision?

"SSI Cash-Out Visual"

Betty: It has to do with SSI recipients in Massachusetts or Wisconsin. If they receive SSI or its equivalent, they cannot receive food stamps. The SSI payments in these States include the value of the food stamp allotment.

Mike: Are the income and resources of SSI recipients in cash-out States counted?

Betty: No. They are not counted in determining household eligibility, or the basis of issuance.

Mike: Are there any residency requirements?

I know that a household must live in the project area. But does it have to live, or intend to live, in the project area for any length of time to qualify?

Betty: No. There are no time requirements. However, people on vacation are not considered residents.

"Residency
Visual"

Mike: Is a fixed residence required?

Betty: No. For example, a migrant campsite satisfies the residency requirement.

"Citizenship
and Aliens"

Mike: I know citizens are eligible, but what about people who are not citizens?

Betty: Certain North American Indians whose reservations border or cross the Canadian/United States border may be eligible.

Certain aliens may also be eligible. For example, an alien who is lawfully admitted for permanent residence may be eligible. Also included are aliens who have continuously maintained residency for a certain period of time, and are considered lawfully admitted for permanent residency.

Mike: Are there any others?

"Conditional
Entry
Visual"

Betty: Yes. Aliens who are admitted to this country because of persecution, or because of a natural catastrophe. Then, there are aliens who are admitted by the Attorney General for emergent or public interest reasons.

Mike: The latter category includes a majority of the Vietnamese and Cuban refugees, doesn't it?

Betty: Yes, it does. Lastly, there is a final category of eligible aliens. This includes aliens who have had their deportation withheld by the Attorney General.

Mike: According to what you said, that means that alien visitors, tourists, diplomats and students are ineligible. Is that right?

Betty: Yes.

Mike: Are the income and resources of an ineligible alien counted?

Betty: No. The ineligible alien is not considered at all in determining eligibility or the benefit level.

Mike: One of the nonfinancial eligibility standards we haven't discussed yet is work registration.

"Work
Registration"

Betty: Right, and there are many aspects of work registration.

Mike: Who is required to register?

"Registration
Required"

Betty: Each household member who is between the ages of 18 and 60 must register for work. If a person turns 18 during the certification period, he can wait until the next recertification to register.

Mike: Where must people register?

Betty: Household members must register for work at the food stamp office. They do this by completing a work registration form. You must provide the form and explain the work registration requirements and the consequences of failure to comply. When the household member submits the completed form, he is considered registered. Our office must then forward the work registration form to the employment office.

Mike: When does a person have to register?

"Persons
Exempt"

Betty: At the time of application and at least
once every 6 months thereafter.

Mike: I know that persons who are mentally or
physically unfit are exempt. Who else
is exempt?

Betty: Persons participating in the Work Incentive
Program for AFDC are exempt.

Also a person who is responsible for the
care of a dependent child under 12, or an
incapacitated person, is exempt. In addition,
a parent or caretaker of a child under 18 is
exempt, if another able-bodied parent in the
household is registered for work, or exempt
as a result of employment.

Mike: Is a person receiving unemployment insurance
benefits exempt?

Betty: Yes. Additionally, a regular participant in a
drug addiction or alcoholic treatment and
rehabilitation program is exempt.

Mike: Any others?

Betty: Yes. People who work a minimum of 30 hours a week are exempt. The same is true for people receiving weekly earnings that are at least equal to the Federal minimum wage, multiplied by 30 hours. Also, a student enrolled at least half-time in any recognized school, training program, or higher education, is exempt.

Mike: I thought students had to register.

Betty: There is a special procedure for students. I was just getting to that. During the regular school year, students enrolled at least half-time must register for 20 hours of work per week.

Mike: Are there any exceptions?

Exception
Visual

Betty: Yes. Students who are employed a minimum of 20 hours. Or, those who participate in a federally financed work study program. Also, students who are employed less than 20

hours a week, but earn an amount that is at least equal to the Federal minimum wage, multiplied by 20 hours, are exempt.

Mike: Are students, who support others, exempt?

Betty: A student who is head of a household containing one or more other persons may be exempt if he supplies more than half of their support.

Mike: Sometimes a school or a training program has a recess or vacation that exceeds 30 days. Do students, who are otherwise exempt as a result of their student status, have to register for full-time work then?

Betty: Yes. They must fill out a work registration form and comply with the regular work requirements. This even includes high school students, who are 18 or older.

Mike: Please tell me about the voluntary quit provision.

Betty: I would rather discuss the voluntary quit and job search provisions later. Is that all right?

Mike: Sure, but I have another question. If people register for work, do they have to do anything else?

"In addition" Betty: Yes. They must also report for an interview at the employment office and provide additional information when requested to do so. Also, if they are referred to a suitable employer, they must go to the interview. If they are offered suitable employment to which they were referred by the employment office, they must accept and continue the employment.

Mike: What if a person fails to do this?

"Failure to Comply" Betty: When a household member refuses, or fails without good cause to comply with these

Complies
Visual

requirements, the household becomes ineligible. It will stay this way for months, or until the member complies or becomes exempt, whichever occurs first.

Mike: When is a college student, rather than the entire household, disqualified?

Betty: When he fails, without good cause, to register for 20 hours of work per week or to otherwise comply during the regular school year.

Mike: How long is the student ineligible?

Reestablishing
Eligibility

Betty: A disqualified student is ineligible for 2 months, or until the student complies or becomes exempt, whichever occurs first.

"Good Cause"

Mike: I assume good cause includes circumstances beyond a person's control like illness, no transportation, or an emergency. But, how can a person comply?

Betty: He must do whatever he failed to do.
For example, for refusal to register, he must submit a work registration form.

Mike: What if a person refuses to accept an offer of suitable employment he was referred to by the employment office?

Betty: The person must accept the employment, or any employment with equivalent earnings.

Mike: When is employment unsuitable?

"Unsuitable
Employment"

Betty: Any employment is unsuitable if the wage offered is less than the highest of the applicable Federal minimum wage, or the applicable State minimum wage. If the job is not covered by either of these, it must pay at least 80 percent of the Federal minimum wage. In addition, the employment offered is unsuitable if it is on a piece-rate basis, and the average hourly amount is less than the hourly rates I've just mentioned.

Mike: What if the work is contrary to the conditions of an existing membership in the union governing that occupation?

Betty: It would be unsuitable.

Mike: What happens if the work is offered at a site where there is a strike or lock-out?

Betty: Then, the work is unsuitable. Two exceptions are when the strike has been enjoined under the Taft-Hartley Act or an injunction has been issued under the Railway Labor Act. Work is also unsuitable if the household member has to join, resign from, or refrain from joining any legitimate labor organization.

Mike: What if a person can show that there are unreasonable health and safety risks on a job?

Betty: Then the job is considered unsuitable. This is also true for people who can show that they are physically or mentally unable to do the job.

Mike: Does a student have to accept a job that is offered during class hours, or if it's more than 20 hours a week?

Betty: No. In addition, a job offered in the first 30 days of registration is unsuitable if it is not what the member has experience in.

Mike: What if the job is a long distance away?

Betty: Commuting time cannot exceed 2 hours a day. The job is also unsuitable if there is no transportation.

Mike: Are there any other instances?

Betty: Yes, one. Employment is unsuitable if it interferes with the member's religious observances, convictions, or beliefs.

Mike: Can you deny a household when one of its members is participating in an illegal strike?

"Strikers Under Taft-Hartley Ineligible"

Betty: No. A household is not ineligible because a member is not working due to a strike or lockout. This is true even if it is illegal. However, strikers cannot participate if they are ordered back to work under the Taft-Hartley Act or the Railway Labor Act.

Mike: What about people who fail to comply with the requirements of the Work Incentive Program (WIN) or the Unemployment Insurance Program (UI). Should I disqualify the household member for food stamp purposes?

"Other Programs"

Betty: No. You shouldn't. Failure to comply with the work registration requirements of WIN or UI doesn't make the member ineligible for food stamps. They only lose their special food stamp exemption. They must then register for work at the food stamp office.

Mike: Can equivalent State work registration procedures for PA and general assistance households be substituted?

Betty: In some States yes, but not ours.

"Tax
Dependency"

Mike: My next questions are about tax dependency. I know that certain individuals, who are 18 or over, and who are enrolled at least half time in an institution of higher education, are ineligible. What makes them ineligible?

Tax Dependent
Visual

Betty: The students you have just described are ineligible if they are claimed, or could be claimed, as a dependent child for Federal income tax purposes by a taxpayer, who is not a member of an eligible household.

Student
Visual

Mike: So, if the taxpayer household provides over half of the student's support, I must determine the eligibility of the taxpayer.

Betty: Right.

Gross Income
Visual

- Mike: Are there special procedures for determining the eligibility of the taxpayer household?
- Betty: Yes. Eligibility is based on information provided by the student or the taxpayer. If the taxpayer's household is not certified for food stamps, you must determine its eligibility based on household size and gross income. There are specific gross income eligibility tables for this purpose.
- Mike: Should I hold up a household's application, if tax dependency verification is required but it has not been received on time?
- Betty: No. You must certify the remaining household members, based on household size, minus the student. If proper verification is later received, you must treat it as a reported change in household membership.
- Mike: Is the income and resources of an ineligible student, or a student awaiting verification counted?

Betty: No. They are not considered in determining eligibility or the coupon allotment.

Mike: I think that covers tax dependency, and that's all the questions I have on nonfinancial eligibility criteria.
Thank you.

(Summary) To determine if a household meets the nonfinancial eligibility criteria, you will have to know:

- Whether the household member is a SSI recipient in a "cash-out" State
- Whether the household is living in the project area,
- If members of the household are citizens or legal aliens,
- When household members have to meet the work registration requirements and what they are, and,
- Whether a student has an eligible tax dependency status

(Workbook)

III. Financial Eligibility

A. Resources

(Objectives) This segment concerns resources, resource exclusions, and resource transfers. This is important, because a household's financial eligibility is

"Financial Eligibility" determined by its income and resources. Resources include property, cars, and cash. The law limits the amount of resources an eligible household may have. Also, it decides what items are considered resources. You must apply these standards to all households, including PA, GA, and SSI households.

"National Resource Standard"

The objective of this segment is to make you aware of the requirements so that abuse of the program is prevented. At the same time, you should know that eligible households are allowed to own certain basics. For example, a car, or other equipment they need to earn a living.

After completing this segment, you should be able to:

- explain and apply the resource limits,
- identify counted and excluded resources,
- and
- determine a household's total resources.

(Text)

The first part of this segment will deal with the maximum resources for eligible households.

These are:

Amount
Visual

- \$3,000 for households of two or more members, with at least one member age 60 or over, and
- \$1,750 for all other households.

When deciding how many resources a household has, you must add all countable resources.

The following items count in determining the resources of a household. You must identify them in enough detail so that you can verify them if other information is inconsistent or later verification is needed.

"Cash and
Monetary
Resources"

- Liquid resources such as cash on hand, checking or savings accounts, stocks, or bonds, and
- The fair market value (FMV), less encumbrances,

"Real &
Personal
Property"

of real or personal property. For instance, buildings and land. The fair market value is how much the property is worth. An encumbrance is a debt or claim against the property, like a mortgage.

"Vehicles"

Some vehicles count as resources, while others are excluded. I will discuss the list of vehicles now.

"Vehicle
NTE \$4,500"

- One licensed vehicle, for household transportation, is excluded up to a fair market value of \$4,500. Any amount over \$4,500 is counted as a resource.

"Employment
Use Vehicle
NTE \$4,500"

- Up to \$4,500 is excluded for each additional vehicle that members need to look for work under the job search requirement, or to get to and from work or training. Any amount over \$4,500 is counted as a resource. This exemption applies, even when the member is temporarily out of work, if he expects to get a job and use the vehicle again. This provision does not exclude vehicles that are used for driving to school.

"Income
Producing
Vehicles"

- There are 5 times when the entire value of a licensed vehicle is excluded.

The first one is when it annually produces income consistent with its fair market value. To find the annual income, you average the seasonal income over the year.

The second time is when over 50 percent of its use is for income-producing purposes. Vehicles in this category may include taxis, tractors, and fishing boats. The entire value is also excluded when it is necessary for long distance travel related to employment. This could apply to migrant farm workers.

The fourth time is when it is necessary for hunting and fishing in certain parts of Alaska.

Lastly, the vehicle is excluded when it is used as the household's home. These exclusions apply during temporary periods of unemployment when the vehicle is not in use.

- For all other vehicles, you must determine both the fair market value in excess of \$4,500, and the household's total equity. Equity is the fair market value minus the amount owed. The larger amount, equity or the excess value over \$4,500, counts as a resource.

The Smiths are an example of a household with several licensed vehicles. The Smiths have the standard family

car. In addition, Mary drives a car to work, there is a taxi that produces income, and there is an extra car. These cars have the following values.

First Family
Car Visual

The family car has a FMV of \$5,000. Only \$500, the amount over \$4,500, counts as a resource. The

Wife's for
Job Visual

car Mary uses for work is valued at \$5,500, or \$1,000 more than \$4,500. So the resource value of

Income-
Producing
Visual

her car is \$1,000. The taxi is totally exempt.

Son's Car
Visual

The extra car has FMV of \$500 greater than \$4,500.

It has an equity amount of \$1,000. The \$1,000 counts as a resource because it is the larger of the two amounts. The extra car is the only one whose equity you need to consider. The Smith's four cars together have a resource value of \$2,500.

Blue Book
Value Visual

The fair market value of cars, trucks, and vans is the basic wholesale value, as listed in publications called "blue books." These are written for automobile dealers and loan companies. You should assign a vehicle its current blue book value unless a household can verify a lesser amount as the true value of a particular vehicle. If it is not listed in the blue book, other reliable sources are used.

In addition to certain amounts for vehicles, only the following items are excluded.

"Home and
Property"

First, the home and its surrounding property are excluded. There is no limit on the extent of this property so long as no property owned by others separates it from the home. However, if a public right of way, such as a road, runs through the surrounding property separating it from the home, the exemption is not affected. The home and property are exempt, even when temporarily not occupied because of work, training, illness, or a disaster. This is true as long as the household intends to return. An example is a migrant farm worker, who is employed elsewhere for a limited period of time. Some households don't have a home, but have purchased a lot to build on. They get an exclusion for this.

Personal
Property
Visual

Also excluded are household goods, personal effects, one cemetery lot per member, and the cash value of life insurance policies and pension funds. This includes funds in pension plans for self-employed persons. Examples are Keogh Plans or Individual Retirement accounts. This exemption applies as long as the funds are not withdrawn.

For Rent
Visual

Property, such as farmland and rental homes, is excluded as a resource if it is essential to the

"Tools and
Equipment
Visual"

full, part-time, or self-employment of a household member. Rental homes, which are used for vacation purposes at sometime during the year, are only exempt if they are annually producing income consistent with their fair market value. Work related equipment, such as tools or machinery, is excluded as a resource if it is essential to a household member's work.

Installment contracts for the sale of land or other real property are excluded if the contract or agreement is producing income consistent with its fair market value. In addition, the value of any property sold under contract, or held as security in exchange for a purchase price, is exempt if the property is sold for an amount consistent with its fair market value.

"Restricted
Payments"

Sometimes, when homes are damaged in a disaster, the government gives payments for restoration. These payments are not used as intended, as long as the household is subject to legal sanctions, if the payments are not counted. This includes payments made by the Individual and Family Grant Program and the Small Business Administration.

<p>"Inaccessible"</p> <p>Teller Winder Visual</p> <p>Sold Visual</p>	<p>Another exclusion includes resources with a cash value that the household cannot touch. For example, irrevocable trust funds, property in probate, and property that the household has made good faith efforts to sell at a reasonable price. You may verify the household's efforts to sell the property if they are questionable. Source of verification includes newspaper listings and real estate brokers. In addition, some resources that are held jointly with other households are also inaccessible. An example is jointly-owned property, which the nonhousehold member refuses to sell. However, the household must show that it is inaccessible. If not, it is considered fully available to the household unless the household can show that it has access to only part of it. This also applies to resources owned jointly with ineligible persons such as illegal aliens and some tax dependents.</p>
<p>"Prorated"</p>	<p>If a student or self-employed person has a resource that is prorated and counted as income, it is excluded. For example, a household may have received a scholarship. After taking mandatory deductions to meet living expenses for 6 months, \$600 is left over. You should prorate the \$600 as income, and not count it as a resource.</p>

"Excluded
By Law"

Certain resources are, by law, excluded for food stamp purposes. There is a list of these in the Summary Outline of your Workbook, and in the resource exclusion section of your Certification Manual.

Commingled
Visual

Excluded monies that are kept in a separate account are excluded for an unlimited time. If excluded monies are mixed in a common account, it becomes a countable resource 6 months from the date of deposit.

Resource
Transfer

A household may knowingly transfer the ownership of resources to qualify for food stamps, or to continue participation after receiving additional resources during the certification period. When this happens, they are disqualified from the date the transfer is discovered.

The length of the disqualification period is based on the amount that the transferred resources, plus other resources, exceeds the limit.

Disqualification
Period

This disqualification period ranges from 1 month to a year. The time is based on the chart in the Summary Outline of your Workbook, and the Transfer of Resources Section of your Certification Manual.

The resources of nonhousehold members are counted as available to the household in two instances. First, if the individual has been disqualified for fraud. Second, when a student has been disqualified for failure to comply with the work registration requirements during the school year. The resources of other nonhousehold members are not counted.

(Summary)

This concludes the provisions on resources, resource exclusions, and resource transfers. When you are figuring a household's resources, you need to know:

- The resource limit for the household,
- The resource exclusions that apply, and
- What countable resources the household possesses.

With this information, you can decide if a household meets the resource criterion for eligibility.

(Workbook)

III. Financial Eligibility

B. Income

(Objectives)

This segment concerns income, income exclusions, and income deductions. You need to know this information, because participation in the program is limited to low-income households that need assistance to obtain a more nutritious diet. Monthly income eligibility standards are established and updated each July.

Because this information is so important, the objective of this segment is to teach you how to:

- define income and the role it plays in determining a household's eligibility;
- identify earned and unearned income;
- identify counted and excluded income;
- identify the various types of income deductions;
- and
- use all this information to determine a household's income for eligibility purposes.

(Text)

There are several factors that you must consider when deciding whether a household is eligible. For instance, household income is considered. In this case, it means all income, from whatever source, with only certain exceptions. These exceptions are explained later.

To begin, I will talk about earned income. Earned income includes the following.

Bee Visual

First, it includes all wages and salaries. As a condition of eligibility, some assistance programs require a person to work without other compensation. These payments are earned income, to the extent that they replace wages. For example, Sally is required to work 20 hours a month. Her wage is \$1.30 an hour. So, \$26 of the grant is counted as earned income. Special assistance payments for work-related expenses are not earned income.

Secondly, earned income includes gross income from self-employment minus the costs of doing business. Gross income includes the total gain from the sale of any capital goods or equipment that are related to the business. Income from rental property is not considered earned income, unless a member is managing the property an average of 20 hours a week.

Lastly, earned income includes training allowances from vocational and rehabilitation programs. However these allowances are considered, if they are a reimburse-

ment. This includes income received from the Work Incentive Program and the Comprehensive Employment and Training Act.

This part of the discussion is concerned with unearned income. This includes assistance payments from Federal or Federally-aided public assistance programs, such as SSI and AFDC. Other assistance programs that are based on need, such as GA programs, are also included.

Additionally, annuities, pensions, and foster care payments are included. Also, benefits are included such as retirement, veteran's, disability, worker's or unemployment compensation, old-age, survivors, or social security, and strike benefits.

Support or alimony payments made directly to the household by a nonhousehold member are unearned income. This is also true of scholarships, education grants, fellowships, deferred payment loans for education, and veteran's benefits in excess of amounts excluded for tuition and mandatory fees.

Finally, unearned income includes payments from government-sponsored programs, dividends, interest, and royalties. Also included are all other direct money payments from any source that are considered a gain or benefit to the household.

Household income includes earned and unearned income of individuals disqualified for fraud, or students failing to comply with the 20-hour work registration requirement. You must subtract from this income an amount equal to that person's prorated share. It is prorated by dividing the individual's total gross income, less exclusions, by the number of people in the household, including the disqualified member. For example, a disqualified person has monthly income of \$400. There are three other members in the household, so the \$400 is divided by four. Then, \$300 is counted as income to the household.

Not Income Visual

The next part of this discussion will be concerned with those monies that are not counted as income. There are two basic types.

First, income does not include monies withheld from an assistance payment, earned income, or other source. In addition, income does not include monies received from an income source, if they are returned to repay a prior overpayment from that source, and the overpayment was not excluded from income.

In connection with the latter, repayment may be voluntary or involuntary. This includes PA and SSI recoupments and repayments on claims. It does not apply to garnishments or the repayment of loans or

other debts. For example, a household receives a \$200 PA grant in January, February, and March. The PA worker then discovers the household should only have gotten \$175 each month. To recoup the overpayment, the household's \$175 PA check is reduced to \$150 for April, May, and June. For food stamp purposes, only \$150 is counted as income during April, May, and June.

Second, there are child support payments that are made directly to AFDC recipients. If the payments are transferred to the Title IV-D agency as a condition of eligibility for AFDC, they are not counted as income. This only applies in States that have local laws forbidding these payments to be made directly to the public assistance office.

I will now go over the income exclusions. You must exclude the following items from income.

"In-Kind
Benefits
Vendor Pay-
ments"

Nonmonetary or in-kind benefits, such as meals, clothing or public housing are excluded.

In addition, vendor payments are excluded.

A payment made in cash, on behalf of a household, is a vendor payment when someone outside

the household uses its own funds to make the payment. It may be made directly to a household's creditor, or person or organization providing a service to the household. For example, Sam Green is a relative, but is not a household member. He uses his own funds to pay the household's rent directly to the landlord. This is a vendor payment and is not counted as income.

Payments made directly to the household are counted as income. The only exception to this rule is that all Housing and Urban Development (HUD) housing subsidies are considered vendor payments. This is regardless of whether the payment is made directly to the landlord, or paid to the landlord through the household.

When a third party uses a household's own money to pay the household's expenses, the payments are not excluded as vendor payments. Examples are wages garnished by an employer and money diverted from a public assistance payment for purposes of managing a household's expenses.

Not Over
\$30 Visual

Any income in the certification period that is received too infrequently or irregularly to be reasonably

anticipated, and if it does not exceed \$30 in a quarter, is also excluded.

"\$ for Tuition
and Fees Visual"

Educational loans on which repayment is deferred, are excluded. These include grants, scholarships, fellowships, and veteran's educational benefits. However, they must be used for tuition and mandatory school fees at an institution of higher education, vocational or technical school, correspondence school, or a school at any level for the physically or mentally handicapped. This does not include earned income or income from other sources. Mandatory fees are those charged to all students, or those charged to all students within a certain curriculum. For example, uniforms, lab fees, or equipment charged to all students in order to enroll in a chemistry course are excluded. However, transportation, supplies, and textbooks, even if required reading for a class, are not uniformly charged to all students and, therefore, are not excluded.

Loan Visual

All loans, including loans from private individuals, as well as commercial institutions, other than deferred educational loans are excluded.

Also excluded are reimbursements for past and future expenses. However, they must not exceed actual expenses, or represent a gain or benefit to the household.

Reimbursements for normal household living expenses, such as rent or mortgage, clothing, or food eaten at home, are considered a gain or benefit. Therefore, they are not excluded.

Only payments provided specially for an identified expense, other than normal living expenses, and used for the purpose intended, are excluded. However, when a reimbursement, including a flat allowance, covers multiple expenses, there is no need to separately identify each expense. This is true as long as none of the reimbursement covers normal living expenses.

The amount that a reimbursement exceeds the actual incurred expense is considered income. However, reimbursements are not considered to exceed actual expenses, unless the provider or the household indicates that the amount is excessive. For example, if a household reports that it received an allowance of \$140 for uniforms, but they only cost \$100, \$40 would be counted as income.

" Reimbursement"

Examples of excluded reimbursements are:

1. Reimbursements or flat allowances for job or training-related expenses such as travel, per diem, uniforms, and transportation to and from the job or a training

site. However, these expenses, if not reimbursed, are not deductible.

2. Reimbursements for out-of-pocket work expenses of volunteers, as well as medical or dependent care reimbursements.
3. In addition, reimbursements or allowances to students for specific educational expenses, such as travel or books, are excluded. However, allowances for living expenses, such as food or clothing, are not excluded. Portions of a general grant or scholarship are excluded only if they are specifically earmarked for educational expenses.
4. Reimbursements received by households to pay for services provided by Title XX of the Social Security Act.

"Third-Party
Beneficiary
Money"

Monies received and used for the care and maintenance of a third-party beneficiary, who is not a household member, are not excluded. For example, if a household receives a BIA grant for a child attending school away from home, this money is disregarded. If the intended beneficiaries of a single payment are both household and nonhousehold members, any identifiable portion of the payment intended and used for the care of a

nonhousehold member is excluded. If the nonhousehold member's portion cannot be identified, the payment is prorated evenly among the intended beneficiaries. Then, the exclusion is applied to the nonhousehold member's prorata share, or the amount actually used for the household member's care and maintenance, whichever is less.

Additionally, the earned income of children under 18, who are students at least half-time, is disregarded. This exclusion continues to apply during temporary interruptions in school attendance because of semester or vacation breaks. However, the child's enrollment must resume following the break. But, this provision does not apply to the earned income of emancipated minors. If the child's earnings cannot be differentiated from that of other household members, the total earnings are prorated equally among the working members. Then, the child's prorata share is excluded.

Money received in the form of a nonrecurring lump-sum payment is excluded as income. This includes lump-sum insurance settlements and income tax refunds, rebates, and credits. It also includes retroactive lump-sum social security, SSI, public assistance, and railroad

retirement pension payments. For example, a household applies for SSI in June. However, it is not approved for a grant until August. Then, on August 11, the household gets a \$600 lump-sum payment, \$200 for June, \$200 for July, and \$200 for August. The retroactive portion, or \$400, is excluded as income. Lump-sum payments are counted as resources in the month received, unless they are specifically excluded by a Federal law.

The costs of producing self-employment income are also excluded as income. The procedures for computing self-employment income are discussed later.

"Exclusions
by Law"

In addition, any income that is specifically excluded by law as income for the purpose of determining food stamp eligibility is not counted. A list of these exclusions is contained in the Summary Outline in your workbook. They are also listed in the income exclusion section of your Certification Manual.

"Income
Deductions"

Lastly, I will discuss allowable deductions that are made from household income. You must allow deductions for the following expenses. You cannot allow any other deductions. The various deductions are a standard deduction, an earned income deduction and a combination dependent care and excess shelter deduction.

"\$60 Standard
Deduction"

1. Each household gets a standard deduction each month. For 48 States and the District of Columbia, the standard deduction is now \$60. There are separate standard deductions for Alaska, Hawaii, Guam, and the Virgin Islands.

"20 percent
Earned Income"

2. The earned income deduction is 20 percent of gross-earned income, less income exclusions. This deduction is meant to cover mandatory deductions such as taxes. It is also meant to defray other employment costs, such as transportation. Actual mandatory deductions are not allowed.

"Child Care"

3. Under certain circumstances, actual costs for the care of a child or other dependent are deducted. For instance, when it's necessary for a household member to seek or continue employment, attend training, or pursue education that is preparatory to employment. This deduction cannot exceed a specific amount. Currently, it is \$80 in the 48 contiguous States and the District of Columbia.

"Excess Shelter"

4. Monthly shelter costs that exceed 50 percent of the household's income are deducted after all the above deductions have been made. The shelter deduction alone, or in combination

with dependent care deduction, cannot exceed a specific amount. Currently, it is \$80 in the 48 contiguous States and the District of Columbia. A limit was placed on the deduction to maintain the goal of concentrating benefits on the most needy, while reducing benefits to those with higher incomes.

To be more specific, shelter costs include only the following expenses:

1. Continuing charges for a shelter occupied by the household are allowable expenses. These include rent, mortgage, or other continuing charges leading to the ownership of the shelter. For example, loan repayments for the purchase of a mobile home, including interest on the principle, are allowed.
2. Property taxes, State and local assessments, and insurance on the structure itself are allowable expenses.
3. Shelter costs also include charges for heating and cooking fuel, cooling and electricity, water and sewer, garbage and trash collection fees, the basic service fee and tax for one telephone,

Utility
Visual

and fees charged by the utility company for initial installation of the utility. One-time deposits are not included as shelter costs.

4. Shelter costs for the home, if not occupied by the household for certain reasons, are allowable. These reasons include work away from home, illness, or abandonment caused by a natural disaster or casualty loss.

The costs of a home vacated by a household are included in shelter costs if three criteria are met. First, the household intends to return to the home. Second, the current occupants of the home, if any, are not claiming the shelter costs for food stamp purposes. Finally, the home is not leased or rented during the absence of the household.

Charges for repair of the home which was substantially damaged or destroyed by a natural disaster are excluded. This does not include charges for repair of the home that are reimbursed by another source.

The State agency's utility standard is used in calculating shelter costs if the household has separate utility costs. You should check your Certification Manual to

see if your State has a single standard, several standards or individual allowances for each utility. A household is not entitled to the single standard if it is billed separately for only telephone costs or water, sewer and garbage collection fees. You must advise households that actual utility costs may exceed the standard. When this is the case, they are deductible only if the household can verify them. In some States, a telephone allowance is used even if actual costs are higher. Households may change between actual utility costs and the utility standard at any time.

(Summary)

This concludes the requirements for determining income, income exclusions, and income deductions. When figuring a household's income, you will need to know the following:

- whether the income is earned or unearned,
- what the income exclusions are, and
- what the income deductions are.

With this information, you can determine whether the household meets the income eligibility criteria. Then you can proceed with benefit level calculations.

(Workbook)

IV. Certifying Households With Special Circumstances

"Households with Special Circumstances" This presentation concerns the special procedures for self-employed households, boarders, disqualified members, nonhousehold members, and addicts and alcoholics.

(Objectives) A household's financial eligibility is determined by its income and resources. The income and resource situations of certain households are unique. Therefore, special procedures have been developed to make sure that their eligibility and benefit levels will accurately reflect their financial situation.

The objective of this segment, then, is to enable you to:

- compute the monthly income of self-employed households,
- identify allowable and nonallowable costs of doing business,
- determine the eligibility of boarder households,
- determine the eligibility of households that contain disqualified members and "nonhousehold" members,

- certify addicts and alcoholics that are residents of a treatment center, and
- explain the responsibilities of the addict/alcoholic treatment center.

(Text)

In this section, income received by most self-employed households is discussed. However, households that receive income from boarders, but don't own or operate a commercial boarding house, are discussed a little later.

You must use the following procedures for computing regular self-employment income.

- If it represents a household's annual income, it is averaged over a 12-month period. This is true even if the income is received in only a short period of time. It can also be averaged if the household receives income from other sources. Income for the current year is based on last year's income because that income will be used for support and expenses this year.
- If monthly self-employment income represents a household's annual support, it is usually averaged over a 12-month period. For example,

Farmer
Visual

if the monthly self-employment income is \$300 during the spring and summer months, and \$250 during the fall and winter months, the monthly average is \$275. In some cases, this may not accurately reflect the monthly income, because of a substantial increase or decrease in business. In these instances, you must use anticipated earnings.

Hot Dog

Vendor Visual

- Self-employment income which is intended to meet the household's needs for only part of the year, is averaged over the period of time it is intended to cover. For example, Fred Jones is a self-employed vendor during the summer months. He works in a factory during the rest of the year. In this case, the self-employment income is averaged over the summer months it is intended to cover, rather than the whole year.

Part-time

Self-employment

Computation

Visual

- If a household member was self-employed for less than a year, the income is averaged over the period of time that the business was in operation. The monthly amount is projected for the coming year.

Monthly income from self-employment is computed by adding the gross self-employment income, including capital gains. The next step is to exclude the cost of producing the income. The remainder is then divided by the number of months over which the income is averaged.

There are times when self-employment income is calculated on an anticipated basis, instead of averaging. In this case, beginning with the date the application is filed, any capital gains the household anticipates in the next 12 months is added together and divided by 12. This figure is then added to any other anticipated monthly self-employment income. Next, the cost of producing the self-employment income is subtracted. Except for depreciation, the costs of producing self-employment are calculated by anticipating the monthly allowable costs. The monthly average costs are excluded as a cost of doing business. Anticipated income may be recomputed any time during the year, if the anticipated amount of capital gains changes.

For Sale

Visual

Proceeds from the sale of capital goods or equipment is computed in the same manner as a capital gain for Federal income tax purposes. Even if only 50 percent of the proceeds from the sale is taxed by the Federal government, the full amount of the capital gain is counted as income for food stamp purposes.

"Self-Employment
Costs"

I will now cover the allowable costs of producing self-employment income. These expenses are deducted from gross self-employment income. This is done to determine the net self-employment income.

Allowable costs include the identifiable costs of labor, stock, raw materials, seed, and fertilizer. Also included is interest paid to purchase income-producing property. In addition, depreciation on equipment, machinery, and other necessary capital investments necessary to self-employment is an allowable cost.

If the self-employment income from the last year is annualized, the depreciation shown on the household's most recent Federal or State tax form is used. A monthly figure is computed and prorated over the certification period.

If the tax form is not available, no depreciation is allowed.

No Deduction
Visual

Certain costs are not allowed as a cost of doing business. For example, payments on the principal of real estate, capital assets, equipment, machinery, and other durable goods. Also, net losses from previous periods and income taxes, money set aside for retirement, and other personal expenses are not allowed.

"Annual Support
12 Months"

You may certify households that receive all of their annual support from self-employment, for up to 12 months. When households receive other sources of income that is intended to cover a period of time less than a year, you must assign a certification period appropriate for the household's circumstances.

Annual Cycle
Visual

For self-employed households that receive their annual income in a short period of time, you must assign the initial certification period to bring the household into the annual cycle. You may recertify the household when it normally receives all, or most of its annual income, or when it files its income tax forms.

I will now discuss boarders in noncommercial situations.

"Room & Board Thrifty Food Plan Shelter Expense"	Boarders, who are not residents of a commercial boarding house, may be eligible as a separate food stamp household. When you determine the eligibility and benefit level of a boarder household, you must take into consideration the boarder's shelter expenses. These expenses are determined by including any identifiable shelter paid by the boarder. Sometimes a single payment is made for both room and board. When this happens, the amount of the payment that is more than the Thrifty Food Plan for the number of persons in the boarder's household is considered a shelter expense. The boarder receives no exclusion or deduction for the amount paid for meals.
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If a household is collecting a reasonable payment for room and board, the boarder isn't counted as a household member when determining eligibility or the benefit level. However, payments from a boarder are treated as self-employment income.

Income from boarders includes all payments made directly to the household. However, shelter expenses paid directly by boarders to someone outside the household are not counted as the household's income.

Once income is determined, a portion of the boarder's payment is excluded as the cost of doing business.

There are two ways of doing this.

Cost of
Business
Visual

One is that the cost is equal to the Thrifty Food Plan for the household's size. The other is the actual documented cost of providing room and meals if they exceed the Thrifty Food Plan. If actual costs are used, only separate and identifiable costs of providing room and board are excluded.

Households also get a 20-percent earned income deduction from the self-employment income. In addition, it is entitled to the shelter cost it actually incurs, even though a boarder's payment includes part of these expenses. The household cannot receive a deduction for shelter expenses that are directly paid by the boarder to a third party, such as a landlord or utility company.

The next topic is disqualified members.

Individual household members are disqualified for two reasons--fraud or failure to meet the student work registration requirements during the school year. During the time a household member is disqualified, the eligibility and benefit level of the rest of the household is determined.

Disqualified
Member Chart

To do this, the total resources of the disqualified member are counted. Then, a prorated share of the disqualified member's income is counted as income to the household. This prorata share is calculated by first subtracting the allowable exclusions from the disqualified member's income. Then, the income is divided evenly among the household members, including the disqualified member. All but the disqualified member's share is counted as income to the household.

Regarding deductions, the household gets a 20-percent earned income deduction from its share of earned income. Shelter and dependent care expenses, which are paid by, or billed to, the disqualified member, are divided evenly among the household members,

Example including the disqualified one. Then, all but the
Visual disqualified member's share is counted as an expense
to the remaining household members. For example, the
disqualified member pays \$200 in rent. There are four
members, so the household's shelter expense is \$150.

The disqualified member is not included in the size
of the household when comparing the household's net
monthly income with the eligibility standards. This
is also true when assigning the benefit level.

Whenever an individual is disqualified within the
household's certification period, you must decide
whether the remaining household members are eligible.
This should be based on a desk review, if possible.

Notice of Sometimes a household's benefits are reduced or
Adverse Action terminated during the certification period, because
Visual one of its members is disqualified for failure to meet
the student work registration requirement during the
school year. When this happens, the certification
office must issue a notice of adverse action. It
must inform the household that one of its members is

disqualified. In addition, the household is notified of the reason for the disqualification, and the eligibility and benefit level of the remaining members.

"Fraud -

Disqualification
Notice"

A household's benefits may be reduced or terminated within the certification period, because one of its members has been disqualified for fraud. If this happens, the certification office must notify the remaining members of their eligibility and benefit level. This is done at the same time the disqualified member is notified of the disqualification. The household is not entitled to a notice of adverse action. However, it may request a fair hearing to contest the reduction or termination of its benefits.

Nonmember
Visual

The next subject is other nonhousehold members. These include ineligible aliens and SSI recipients in cash-out States. The income and resources of nonhousehold members, who have not been disqualified, are not considered available to the household. However, cash payments from the nonhousehold member are counted as income.

If the household shares deductible expenses with the nonhousehold member, only the amount actually paid by the household is allowed as a household expense. When it is too hard to pick out the payments, the expenses are evenly prorated among the persons actually paying the expense. Only the household's prorata share is deducted.

"Addicts &
Alcoholics"

The last of the special groups is addicts and alcoholics. Some narcotics addicts and alcoholics participate in treatment and rehabilitation programs which have been authorized to accept coupons. When they do this on a resident basis, they may elect to participate in the Food Stamp Program as a one-person household. You must certify residents of these treatment centers by using the same provisions that apply to all other households. However, the household is certified through the center's authorized representative.

Center's AR
Visual

Visit

Visual

Each center must give the certification office a certified list of currently participating residents. Your office may require the list on either a monthly or semi-monthly basis. Periodically, your office

must make random, on-site visits to the center. This is to make sure that the lists are accurate, and that your office's records are consistent and up to date.

The procedures for changes, recertifications, notices, fair hearing and lost benefits are the same as for all other households.

ID & One-Half Allotment Visual	The treatment center must give resident households their ID card and one-half of their monthly coupon allotment, if they leave the center before the 16th day of the allotment month.
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This means that the centers will have to keep some food coupons on hand, until after the 15th of the month. Once the household leaves the center, the center is no longer allowed to act as the household's authorized representative. If possible, the center must give the household a change report form to report its new circumstances. It should also advise the household that to continue participation, it must return the form within 10 days to the appropriate certification office.

Accountability
Visual

The center must notify you of changes in the household's circumstances. In addition, it must return any ATP's or coupons for residents who have left.

Remember that the center is responsible for any misrepresentation or fraud it commits. It is liable for overissuances and misuse of coupons.

The center may be penalized or disqualified. This happens when it is administratively or judicially determined that the center did not use the coupons for the household's meals. You should promptly notify your supervisor when you have reason to believe that a center is misusing coupons. However, you should take no action except establish a claim for any overissuances. If the Federal government disqualifies it as a treatment program, the State agency must suspend its authorized representative status for the same period.

(Summary)

Now, you should have a better understanding of how households with special circumstances are certified.

When certifying these households, you should remember that they present a unique situation. They are different, and they require special handling.

(Workbook)

V. Determining Net Monthly Income

(Objectives)

This segment concerns the determination of net monthly income. Specifically, it explains how income and expenses for the certification period are determined, and explains rounding of income and expenses.

Financial eligibility is determined by a household's resources and income. The income must fall below a set limit, after deductions.

"Determining Net Monthly Income"

The instructions that are covered in this segment explain how to find a household's net monthly income. This will determine whether a household is eligible to participate. For this reason, it is important for you to be able to:

- apply the procedures for anticipating income,
- determine when income is averaged,
- decide how to handle deductions,
- calculate net monthly income, and
- correctly apply rounding techniques when computing net monthly income.

(Text)

Mike: Betty, I need a little help again.
I'm confused about determining monthly
net income. Do you have time to go
over the requirements with me?

Betty: Certainly, Mike. What are you having
problems with?

Mike: Well, my first question is when does a
household's eligibility begin?

Betty: It begins the month in which the appli-
cation is filed. You must determine
eligibility and the benefit level for
the entire month. This is true, even
if the household applies on the last
day of the month.

Mike: Are you talking about a calendar month
or a fiscal month?

Betty: We use a calendar month although some
States use a fiscal month.

Mike: What about recertifications if the
application is timely submitted?

August
Following
Cert. Period
Visual

Betty: Then, eligibility is based on circumstances anticipated for the month after the end of the certification period.

Mike: What if the application is not received until after the certification period has expired?

Betty: In that case, the month of application is the month in which the application is filed, just like it is for an initial application.

Mike: Sometimes a household is eligible for the month of application, but ineligible for later months because of anticipated changes in circumstances. Should I certify the household?

Betty: Yes. The household is entitled to benefits for the month of application, even if the processing time results in

benefits being issued in a subsequent month. In other words, you would certify the household for 1 month, the month of application.

Mike: What if the household is ineligible for the month of application but, based on anticipated changes, is eligible for subsequent months?

Betty: In a case like that, though the household is denied for the month of application, it would not have to reapply for the next month. You would use the same application for both the denial and a subsequent determination of eligibility. You must do this within the timeliness standards.

"Anticipating
Income"

Mike: That seems clear. I think I understand the month of application. Would you go over the procedures for anticipating income?

Received &
Anticipated
Visual

Betty: Okay. To determine the household's eligibility and basis of issuance, all income already received during the certification period is counted.

List All
Income
Visual

Also counted is any anticipated income that you and the household are reasonably certain will come in during the remainder of the certification period.

Mike: I haven't been counting income, when I have had some doubt as to the amount or when it will be received. Should I continue doing this?

"When in
Doubt Don't
Count"

Betty: Yes. Sometimes a household anticipates income from a new source, such as a new job or public assistance. However, it really isn't sure when it will get the income, or the amount of the initial payment. You do not anticipate any or all of this income, unless you are reasonably sure that the household will receive the income in a certain month, and the amount.

Mike: Can you use past income to anticipate future income?

Betty: Income received during the past 30 days is used as an indicator of anticipated income. However, you wouldn't use past income for any month in which a change in income has occurred or is anticipated.

Month-
to-Month
Visual

Mike: Can the household's monthly allotment vary during the certification period?

Betty: Yes. Because of anticipated changes, the household's allotment may differ from month to month. Also, you must establish a certification period for the longest possible time you can reasonably anticipate the household's circumstances. Therefore, the household's allotment must vary from month to month within the certification period. This is true, unless the household chooses to have its income and expenses averaged.

Mike: Could we also review how weekly income is converted to a monthly amount?

Conversion
Visual

Betty: Sure. When a full month's income is received on a weekly or biweekly basis, it is converted to a monthly amount. This is done by multiplying weekly income by 4.3 and biweekly income by 2.15 or using the PA conversion standard. The exact figure can be used if it can be anticipated for each month.

Mike: Are wages held by employers counted as income?

Betty: Yes. Wages held at the request of the employee are considered income to the household in the month the wages would otherwise have been paid. However, some employers, as a general practice, normally hold wages. This is not income, unless the household anticipates it will receive an advance, or previously held wages. In addition, advances on wages only count as income, if they are reasonably anticipated.

Mike: Can households elect to have their income averaged?

Betty: All households except destitute households and public assistance households subject to a monthly reporting requirement can.

Mike: Is this based on the household's anticipation of income fluctuations?

Betty: Yes, unless the household cannot project the fluctuations. In that case, you must use the best available information to make projections.

Teacher
Visual

Mike: Should I average the income of school employees over the school year, or 12 months?

Betty: When households receive their annual income in a period of time shorter than 1 year, you must average the income over 12 months. That is as long as the income is not received on an hourly or piecework basis. As you mentioned, these households include school employees. They also include share croppers, farmers and other self-employed households.

Mike: Does this apply to migrant and seasonal farm workers?

Betty: No. They are the exception.

Mike: Is income from scholarships counted as income in the month received?

Betty: No. Educational grants, loans, and scholarships, after exclusions for tuition and mandatory fees, are averaged over the period that they are intended to cover. Do you have any other questions on computing income?

Mike: No, but I do have some on deductions.
I want to be sure that I know what
deductions are allowed.

Betty: Well, there are four deductions. One
is 20 percent of earned income. Another
is the standard deduction. The other two
are dependent care and shelter expenses.
Since the last two are for actual
expenses, you must decide when to allow
them.

Mike: At what times are dependent care and
shelter expenses not allowed?

HUD Visual

Betty: There are two times. First, they are
not deductible, if expenses are paid
with excluded reimbursements or vendor
payments. For example, when rent is
paid by HUD vendor payment, it is not
used as part of the household's shelter
deduction.

Second, expenses are only deductible, if the
service is provided by someone outside of
the household. Also, the household must
make a money payment for the service rather
than an in-kind benefit.

July Bill-
July Deduction
Visual

Mike: When are expenses allowed? Is it when they are paid, or when they are billed?

Betty: Except when expenses are averaged, a deduction is allowed in the month the expense is billed, or otherwise becomes due. It doesn't matter when the household pays the expense. For example, rent is due each month, so it is included in the household's shelter costs. This happens even if the household has not yet paid the expense. However, amounts carried forward from past billing periods are not deductible. This is true, even if they are included with the most recent billing and actually paid by the household.

Mike: When are expenses averaged?

Betty: Households may choose to have fluctuating expenses averaged. They may also have expenses, which are billed less often than monthly, averaged forward over the interval between scheduled billings. Or, if there is no scheduled interval, the

expense is averaged forward over the period that it is intended to cover.

Mike: Could you give me an example of this?
I think that would help me to understand it better.

Betty: Sure. For example, a household receives a bill in February. The bill covers a 3-month supply of fuel oil, so it is averaged over February, March, and April.

Averaged
Visual

Tax Bill
Visual

Mike: Are one-time only expenses, such as taxes on the home, averaged over the entire certification period in which they are billed?

Betty: Yes, if the household chooses this option. Otherwise, you can only allow the expense in the month billed.

Mike: How are expenses for the certification period determined?

Betty: They are based on expenses the household expects to be billed for during the certification period. Anticipation is based on the most recent month's bills

unless the household knows a change will occur. When a household is claiming actual utility expenses, you may anticipate changes based on last year's bills for the same period updated by overall price increases.

Mike: Sometimes, only the most recent bill is available. What do I do then?

Betty: In those cases, you may base utility cost increases or decreases over the certification period on utility company estimates.

Mike: Then you can't average past expenses for the last several months, as a method of anticipating utility costs?

Betty: That's right.

Mike: Can we go over how monthly net income is calculated?

Income
Computation
Visual
(Uncover visual
slowly)

Betty: Okay. Monthly net income determines eligibility. The allotment is computed as follows: First, add all earned income, less earned income exclusions. Second, multiply earned income by 20 percent. Then subtract that amount from the earned income. Third,

add unearned income, less exclusions, to earned income. Fourth, subtract the standard deduction. Fifth, subtract dependent care expenses, if any, up to the maximum. The maximum is currently \$80. If the maximum is reached, do not compute excess shelter costs. This then, is the net monthly income. Please remember that it is very important to be accurate when calculating the income.

Mike: If the maximum is not reached by dependent care expenses, how is the shelter deduction computed?

Excess
Shelter
Visual
(Uncover
Visual
Slowly)

Betty: First, add all shelter costs together. Second, compute 50 percent of net income after all other deductions are made. Third, subtract 50 percent of net income from the total shelter cost. Any amount remaining is excess shelter costs. Lastly, subtract excess shelter costs up to the maximum, less any amount allowed for dependent care costs.

Mike: How are income and expense amounts rounded?

Rounding
Visual

Betty: All amounts, except individual shelter costs are rounded down to the next whole dollar.

This is done by dropping all cents.

It is done at all steps. For example, weekly income is rounded before it is converted to a monthly amount.

Mike: Why are exact dollars and cents used for individual shelter costs?

Betty: Because rounding could result in a significant decrease in the total shelter amount. However, the excess shelter cost is rounded, before it is deducted from income.

Do you have any other questions on rounding, period of application, or anticipating income and expenses?

Mike: No. Thank you for going over these procedures with me. This has been a real help. If I have any further questions, I'll let you know.

(Summary)

This concludes the segment on determining net monthly income. When you are deciding what a household's net monthly income is, you will need to know:

- What the period of application is for the household,

- Whether you have correctly applied the procedure for anticipating income,
- Should you average the household's income,
- What are the household's deductions, and
- Whether you have correctly calculated the net monthly income.

With this information, you can decide if you have accurately determined the household's net monthly income.

(Workbook)

VI. Destitute Households

Determining the Monthly Allotment

Replacement Allotments

(Objectives) This segment has three parts.

The first part concerns the special procedures for determining if households are destitute.

The second part explains how to compute a household's monthly allotment. And the last part discusses replacement allotments.

When you have finished this segment, you should be able to:

- Determine if a household is destitute,
- Compute the income of destitute households,
- Determine when a household is eligible based on income,
- Calculate a household's monthly coupon allotment, and
- Authorize replacement allotments.

(Text)
"Destitute
Households"

I will begin with destitute households. These households are entitled to expedited service, and you must use special procedures to determine

their eligibility and allotments.

These households may be in need of immediate assistance, because they have little or no income at the time of application.

The following procedures are used to determine if a household is destitute.

A household is destitute if its only income for the month was received before it applied, and the income was from a terminated source. For example, income is from a terminated source if a household member loses his job or is laid off.

Income is from a terminated source if no income is anticipated from the source during the rest of the month or the next month. If income is received less often than monthly, you should use the normal interval between payments instead of the 30-day or next month standard.

Rain Visual

Some households are also destitute if their only income for the month is from a new source. To be destitute, they can't receive more than \$25 before the 10th calendar day after they apply. This applies to households that are waiting for income such as earnings, public assistance and unemployment insurance later in the month. Income is from a new

source if no more than \$25 was received from that source in the prior 30 days. If the normal payment interval is less often than monthly, use the normal interval instead of the 30-day period.

Some households may receive income from a terminated source prior to application and income from a new source later in the month. They are destitute if they don't receive any other income in the month, and more than \$25 income from the new source will be received before the 10th day after application.

In computing the eligibility and benefits of destitute households for the month of application, only the income that is received before application is counted. The new income received later in the month is not counted.

Some employers provide travel advances to new employees. Any part of these payments, which is excluded as a reimbursement, does not affect a destitute determination. If the travel advance is really an advance on wages, the wage advance is counted as income in the month received. However, these wage advances for travel do not affect the new income or destitute determinations.

Households that have to have their income averaged, such as certain self-employed households and students, normally are not destitute. However, if the income that must be averaged is itself from a new or terminated source, the receipt of the income in the month of application may result in a destitute determination.

A household member who changes jobs but still works for the same employer is receiving income from the same source. In the case of self-employed persons, the self-employment enterprise is the source. In the case of migrants, the source of income is the grower rather than the crew chief.

You must use these procedures for initial applications. They also apply at recertification, but only for the first month of each certification period. At recertification, income of more than \$25 from a new source can't be anticipated in 10 days of the household's normal issuance cycle.

The next subject is determining the allotment.

Once the net monthly income of a household, any household, is computed, you must determine if the household is eligible based on its income. To do this, you must compare the net monthly income to the income standard for the right household size.

The income standards are published by the Federal government, and they are updated periodically.

"Determining
the Allotment"

If the household is under the income limit, you must then determine the monthly allotment.

The household's monthly allotment is equal to the Thrifty Food Plan, reduced by 30 percent of income. The Thrifty Food Plan is uniform, by household size, throughout the 48 States and the District of Columbia. There are different Thrifty Food Plans for Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands. They are adjusted semiannually on January 1 and July 1.

Allotment-
Income Visual

There are three steps to determining a household's monthly allotment. First, you must identify the Thrifty Food Plan for that household size. Second, you must multiply the household's net monthly income by 30 percent. Then, round this amount by dropping all cents. Lastly, you must deduct the 30 percent of income amount from the Thrifty Food Plan. The remainder is the household's monthly allotment.

All eligible 1 and 2 person households receive a minimum allotment of \$10.

Lastly, I will discuss replacement allotments.

My Stamps Were
Stolen Visual

Households may request a replacement for allotments that are stolen or destroyed, after receipt. However, they can't get a replacement for misplaced coupons. The household must report the theft to the police, as well as sign a statement at the food stamp office attesting to the loss. Also, the household must obtain a copy of the police report, or provide other information that shows that the loss was reported to the police. The State agency must provide households an opportunity to obtain replacement coupons within 5 working days of the day the loss is reported.

(Summary)

This concludes the segment on the procedures for destitute households, determining the allotment and issuing replacement allotments. You will need to know:

- How to determine if a household is destitute,
- When the household's net monthly income exceeds the standard,
- How to compute the allotment, and
- When to authorize a replacement allotment.

(Workbook)

VII. Certification Periods, Eligibility and
Denial Notices and Identification Cards

(Objectives) This segment concerns certification periods;
notices of eligibility, denial, and suspension;
and identification cards.

For the most part, the new Food Stamp Act is the same as the current policy on certification periods. Emphasis is on giving households the longest possible certification period. This is done to save you unnecessary work, and prevent inconvenience to participants. Also, participants need to know what benefits they can expect to receive and for how long, so notices are needed. Identification cards help to identify persons who are eligible to receive and use coupons. They also help to insure against misuse of coupons.

For this reason, it is important for you to know how to:

- assign certification periods of the correct length,

- determine when a household should receive a notice, and
- issue a correct identification card.

(Text)

If a household is eligible, you must establish the period of time that it can receive food stamps.

Certification
Period Visual

This is the certification period. Benefits are not continued beyond the end of the certification period unless the household is recertified. A new application and interview are required.

Calendar
Month Chart

Certification periods are for calendar months in most States. However, you should check your Certification Manual to see if your State uses a fiscal month. The month of application is normally the first month of the certification period for new applicants. For example, suppose a household submits an application in January. But, the application isn't processed until February. A 6-month certification period would include January, the month of application, and run through June. For recertifications, the period begins with the month after the current certification period ends.

You must schedule recertification for public assistance households so they are recertified for food stamps when their PA benefits are redetermined.

Some State agencies have a mandatory monthly reporting system and redetermine their PA cases on a definite schedule. They must assign definite certification periods that expire the end of the month after the scheduled PA redetermination.

All other State agencies that do not have a definite schedule must assign indefinite certification periods. The food stamp certification period expires the end of the month following the PA redetermination. These indefinite certification periods cannot exceed 1 year.

"Most households 3 Months"

Based on the predictability of household circumstances, you must assign other households the longest certification period possible. You must certify most households for 3 months. However, there are exceptions.

For instance, sometimes you must increase the certification period of a household by 1 month

Extra Month
Visual(s)

when it is eligible for a certification period of 3 months or less. This happens when you finish the certification process after the 15th day of the month of application, and the household's circumstances warrant the extra month. For example, a household is eligible for a 3-month certification period. It makes its application in June, but is not certified until late or early July. In this case, the certification period includes June through September, or 4 months.

Some households contain people who are on strike, or locked out from their place of employment. When this happens, you can't certify the household for more than 1 month, if it is certified before the 15th of the month of application. However, if the household is certified on, or after the 15th, the maximum period is 2 months. An exception is when the State agency wants to assign a longer period and the household signs a waiver of notice of adverse action.

If a household can't predict its circumstances in the near future, you must certify it for 1 or 2 months. You can also assign a 1- or 2-month certification period, when there is a good likelihood of frequent and significant changes in income or household status. Their income may be uncertain and sub-

ject to extreme changes, because of employment or weather conditions during this time.

6-Month
Visual

You must certify households for up to 6 months, if there is little likelihood of changes in income or household status. This applies to households with a stable income, who do not anticipate major changes in income, deductions, or members.

12-Month
Visual

Also, you must certify households, in which all members are unemployable, or elderly persons with a very stable income, for as long as 12 months, if other household circumstances are expected to remain stable. Persons with stable income include the recipients of social security and SSI, as well as persons who receive pensions or disability payments.

The primary income for some households is obtained through self-employment, or regular farm employment with the same employer. You must certify these households for as long as 12 months, if income can be predicted, and household circumstances are unlikely to change. This includes self-employed farmers and farm workers, who are paid regular monthly salaries that don't change as the amount of work changes.

The next thing I would like to talk about is notices to applicants.

Notice of
Eligibility
Visual

You must give applicants a written notice of eligibility or denial, as soon as a determination is made. There is a standard notice of eligibility form.

PA Expiration
Visual

If your agency doesn't assign definite certification periods to PA or GA households, the notice must say that the certification period will expire the month after the next public assistance review or in 1 year, whichever comes first.

When a household is approved on an expedited basis without verification, the notice must explain that the household must provide verification which was waived and any other required verification at recertification.

If a household is certified for only 1 month, you can combine the notices of eligibility and expiration, or send two notices.

Notice of
Denial
Visual

When a household is ineligible, you must give it written notice. There is a standard form for this. If the household doesn't complete the application process within 30 days and it is the State agency's policy to deny these cases, you must also send a denial notice.

Pending
Visual

Sometimes an application is held pending for more than 30 days. If so, you must give the household a written notice that its application is pending. There is also a standard form for this.

If a household filed an application by the 15th of the last month of its certification period, you must give it a notice of eligibility or denial by the end of the current certification period. Some households will receive a notice of expiration at the time of their certification, and will timely reapply on time. When this happens, you must give them a notice of eligibility or denial no later than 30 days after the date they had an opportunity to get their last allotment.

Next, I would like to go over the procedures concerning identification cards.

ID Visual

You must issue each certified household an ID as proof of its eligibility. The ID is issued in the name of the household member to whom the ATP is issued. This member, and any authorized representatives, must sign the ID before using it.

You can only issue ID's at the time of the first certification, and when cards are lost, mutilated, or destroyed. This is also done when there are changes in authorized representatives.

If the household does not name an authorized representative, you must make a notation in the spaces to show that no designation was made.

Since there is no time limit on the use of food coupons, you shouldn't put an expiration date on the ID. An exception is when the household has been certified for delivered meals on a temporary basis.

There are three times when specially marked ID cards are issued:

"M" Visual

- They are issued when a household is eligible for, and plans to use, a delivered meal service.
- The ID marked with the letter "M".
- They are marked "CD" when a household is eligible for, and interested in, communal dining.

"HF" Visual

- And they are marked "HF" in Alaska, where food coupons are used to purchase hunting and fishing equipment.

Your agency may use photo ID's to help identify participants. However, you cannot make a household ineligible, because its members won't have their pictures taken.

Please note you cannot mail an ID card in the same envelope with an ATP or coupons.

(Summary)

This concludes the section on certification periods, notices and ID's. When you have finished processing an application or a change in the case, you will need to know:

- How long you can certify a household,
- What notice you should send to the household, and
- When the household should receive an ID card.

With this information, you can make sure that the household receives benefits as long as possible, and is aware of the action you have taken.

(Workbook)

VIII. Reporting Changes

This segment is about the household's responsibility to report changes, and your responsibility to act on them in a timely manner.

Households are required to report changes in their circumstances. This is to make sure that you are aware of the household's situation. When the report is made, you are required to act on these changes to terminate ineligible households and to set benefit levels at their correct amount.

The objective of this segment is to inform you about the change provisions, so that abuse of the program is prevented. To help you obtain this objective, you should be able to:

- explain what changes certified households must report,
- determine which changes require expedited handling,
- make the changes timely,
- identify mass changes,
- process changes that affect both a household's public assistance and food stamps, and

- identify when a notice of adverse action is required due to implementation of the 1977 Food Stamp Act.

(Text)

"10 Days to Report"

Most households must report the following changes within 10 days of the date the change becomes known. However, some States have different procedures for public assistance households.

Household Size Visual

Moving Visual

"Change in Residence and Shelter"

1. All changes in the source of income and changes in the amount of gross income of more than \$25. This does not apply to changes in public assistance payments or general assistance grants in project areas that have joint application processing,
2. All changes in household size, such as the gain or loss of a member,
3. Changes in residence and the resulting change in shelter costs,
4. The acquisition of a licensed vehicle that is not fully excludable, and
5. Cash, stocks, bonds and bank accounts when they reach \$1,750 or more.

You can't require any other reporting.

Change
Report Form

At the time of certification, you must give the household a change report form, so that it can report these changes. In your State, you may have different report forms for PA and nonassistance households.

Phone Visual

You should remind the household to complete and return the form. However, you must promptly act on changes reported over the telephone, or in person, in the same way as those reported on the form.

Document
Visual

You must determine if the change affects the household's eligibility or allotment. In addition, you must document the change in the case file, return another change report form to the household, and notify the household of the effect of the change, if any, on its benefits. Restoration of lost benefits is provided to any household, when you fail to take timely action on a change that would have increased benefits.

\$50 Reduction
Visual

A household may report a change that reduces its gross monthly income by \$50 or more. Or a household may report a new member who is not a certified member of another household in the month the change is reported. If this happens, you must make the

change effective no later than the first allotment issued 10 days after the change was reported. These changes cannot take effect any later than the next month.

"Allotments
Regular &
Supplemental"

If the change is reported the last of the month, the household may have already gotten its coupons for the next month, before you can make the change. If it has, you must issue a supplemental allotment to make the change by the 10th day of the following month. In areas where ATP's are used, and have already been issued when the change is made, the ATP is either replaced or a supplemental one is issued.

"Changes made
for next
Allotment"

You must make all changes that increase benefits, other than expedited changes, effective for the first regularly scheduled allotment, after the 10th day from the date the change is reported.

Normal verification is required prior to issuing the second allotment after the change is reported. If the household doesn't provide this, the benefits revert back to the original allotment. If the household refuses to cooperate, it is terminated.

A change may result in ineligibility or a decrease in the allotment. If so, you must issue a notice of adverse action in 10 days of the date the change is reported. If the allotment is reduced, verification is required before recertification.

"Decrease in
Benefit Level"

Sometimes, a hearing and continued benefits are not requested. In this case, you must make the decrease effective with the first allotment that is issued after the notice of adverse action period.

Some households may not report a change that it is required to report. As a result, the household may receive benefits to which it is not entitled. If this happens during the certification period, you must send a notice of adverse action. You must also file a claim against the household. However, a household is not liable for a claim because of a change it is not required to report.

"Mass Changes"

Certain mass changes are initiated by the State or Federal government. These changes may affect the entire caseload, or significant portions of it. They include adjustments to Social Security, SSI, AFDC, and GA payments, as well as changes in the eligibility criteria.

Adjustments
Visual

Federal food stamp adjustments go into effect for all households at a specific point in time. For instance, semiannual adjustments to the Thrifty Food Plan and the standard deduction are effective for all issuances in January and July. Annual adjustments to the shelter and dependent care deduction and the eligibility standards are effective for all July issuances. State annual adjustments and seasonal variations to the utility standards are effective for all issuances in the month specified by the State. A notice of adverse action is not required for these changes. However, the State must publicize these mass changes through the news media, posters in certification and issuance offices or general notices mailed to households. At the time of certification, you must tell the household, whose certification period overlaps a seasonal variation in the utility standard, when the adjustment will happen, and what the variation in the benefit level is.

Publicity
Visual

When the State makes an overall adjustment to public assistance (PA) payments, corresponding adjustments to the household's food stamp benefit are handled as mass changes. If the State has at least 30 days advance knowledge of the amount

Advance
Notice Visual

of the PA adjustment, it must recompute food stamp benefits. In addition, it must make these changes effective in the same month as the PA change. If the State does not have sufficient notice, it must make the food stamp changes effective no later than the month following the month in which the PA change was made.

PA Mass
Change Visual

A notice of adverse action is not required when a household's food stamp benefits change as a result of a mass change in the PA grant. However, States must send individual notices to households to inform them of the change. If a household requests a fair hearing, the State must continue benefits at the former level only if the issue that is appealed is the computation of benefits, and not the fact that benefits are reduced.

States that administer a general assistance program must handle mass adjustments to GA payments in the same manner as PA adjustments. If a State does not administer both programs, it must handle mass changes in GA payments in accordance with the following procedures for mass changes in other Federal benefits.

Households are normally responsible for reporting changes in other Federal benefits and individual notices of adverse actions are required.

"Social
Security
and SSI"

Other Federal benefits include Social Security and SSI payments. However, if a State has the computer capability to make cost of living increases and other changes, it must do so. You should check your certification manual to see how these are handled in your State.

In most States, PA households have the same reporting requirements as other households. However, you should check your certification manual on this, too, to see if you have special food stamp reporting procedures for PA households. In either case, PA households will have met the food stamp reporting requirement when they report the change to the PA worker.

You must notify households when their benefits are changed because of a PA change, or when the certification period is shortened because of a change in the household's circumstances. If the certification period is shortened, it can't end any earlier than the month after the month you determine it should be shortened. This will allow time for a notice of adverse action and for the household to timely reapply.

If the PA benefits are stopped, but the household is still eligible for food stamps, don't forget to tell the household about food stamp work registration. The WIN registration exemption no longer applies.

"PA↓ - FS↓
Adverse Action
Notice (1)"

Sometimes a change requires a reduction or termination in both the PA payment and food stamp benefits during the certification period.

If it does and you have sufficient information to decide how the change affects food stamp benefits, you must issue a single notice of adverse action for both the PA and food stamp actions. For example, if a household received an inheritance of \$5,000, it is ineligible for both programs. When this is the case, you must send one notice of adverse action. If a fair hearing is requested, it will be conducted according to PA procedures and timeliness standards.

"PA↓ - Later FS↑"

If the household's food stamp benefits will increase as a result of the reduction or termination of a PA grant, you must issue a PA notice of adverse action. However, you can't take any action to increase the household's food stamp benefits until the household decides if it will appeal the PA action. If the household appeals, and its PA benefits are continued, the household's food stamp benefits are also continued on the same basis. On the other hand, if the household doesn't appeal, you must make the change effective in accordance with food stamp

procedures. However, the time limit for acting on this change is calculated from the date that the PA notice of the adverse action period expires.

There are other cases in which a change will result in the termination of the PA grant within the certification period. However, you will not have enough information to determine how the change affects food stamp benefits. For instance, an absent parent may return and make the household categorically ineligible for public assistance, but you may not know how much income the new member has. If the household requests a PA fair hearing, you must continue benefits on the same basis. If the household doesn't ask for a hearing and continuation of its PA benefits, or if a notice of adverse action is not required, you must send the household a notice of expiration. It must tell the household that it must reapply if it wants to continue to participate.

77 Act Visual

States must send individual notices of adverse action to households that get a reduction or termination during their certification periods, due to implementation of the Food Stamp Act of 1977. The notice of adverse action must explain to the household that the change is the result of changes in Federal Law. Although the household has a right to ask for a fair

hearing, benefits are continued pending the fair hearing, only if the household believes its eligibility or benefit level was computed incorrectly, or that the new law is being misapplied or misinterpreted.

(Summary)

This concludes the provisions on reporting changes. When you are dealing with changes, you will need to know:

- What changes certified households have to report within 10 days,
- When changes become effective,
- What mass change actions are and when they occur,
- When PA changes affect food stamp, and
- What action is taken when households get a reduction or termination in benefits, due to the Food Stamp Act of 1977.

With this information, you can decide if changes are reported properly, and if actions taken on these changes are accurate.

(Workbook)

IX. Notices of Adverse Action, Recertifications
and 2-month Continuations

(Objectives) This segment of the training covers three different subjects: notices of adverse action, recertifications, and 2-month continuations.

Each will be covered as a separate section so that you will receive an in-depth review of this important information. When finished, you should be able to:

- Identify situations where a notice of adverse action is required,
- Recertify households, whether they submit a timely or untimely application,
- Complete a transfer form authorizing continuation of benefits, and
- Determine which households are eligible for a continuation of benefits for 2 months.

(Text) The first subject that I will cover is notices of adverse action. To assure due process, you must give households timely and adequate advance notice of any action to reduce or terminate their benefits within the certification period. There is a standard notice of adverse action form.

"Notice of Adverse Action"

Reduction in Food Stamps Form

The notice of adverse action period varies from State to State, so you should check your Certification Manual to find out what period applies to you. It is usually the same as the period used for public assistance. There are nine instances in which individual notices of adverse action are

"Mass Changes" not required. They are not required for most mass changes, or when all members of the household have died. They are also not required when the household has moved from the project area.

"HH Moves"

The fourth situation when notices of adverse action are not required affects households who have received an increased allotment to restore lost benefits.

"Increased Allotment Terminates" When the restoration is complete, a notice is not required if the household was previously notified in writing of when the increased allotment would stop.

"Disqualified for Fraud" Fifth, when a person is disqualified for fraud, and when the benefits of the remaining household members are reduced or terminated as a result, a notice of action is not required.

"Variable Allotment" Neither is one required when the household's allotment varies from month to month during the certification period, if it was advised that this would happen at the time of certification.

"PA Grant
Approval"

The seventh situation concerns some cases in which a household makes a joint application for PA or GA and food stamps. The household may receive food stamps pending approval of the grant. When the grant is approved and food stamp benefits are reduced, a notice is not required if the household was notified at the time of certification that this would happen.

The eighth instance affects households containing a striker who has signed a waiver of its right to a notice of adverse action to get a longer certification period. A notice of adverse action is not required to reduce or terminate benefits when the household begins receiving income from employment again. A system is used for locating the case files of strikers.

The last instance only concerns States that assign longer certification periods than 1 month to households certified on an expedited basis. When verification that was postponed is received, action is taken on the verification without a notice of adverse action.

(No Summary
for this
Section)

This concludes the notice of adverse action requirements.

(Pause)

"Recertification"

I will next talk about recertifications. A recertification is the certification of a household that is already certified.

(Objectives)

Recertifications are necessary to enable the household to continue participating. They also help to make sure that the amount of benefits is correct.

(Text)

You must approve or deny timely applications for recertification, before the end of the current certification period. In addition, the State agency must give eligible households an opportunity to participate by the first issuance cycle in the month following receipt of a timely application. The State agency can't continue benefits beyond the end of the certification period unless the household is recertified. The joint processing procedures for PA households also apply to recertifications.

"Notice of Expiration"

You must give each household a notice of expiration. This notice must go out no earlier than 15 days before, or later than the first day of the last month of certification.

You cannot require the household to appear for an interview before the last month of its current certification period. You can schedule an interview,

but you cannot deny a household for failing to keep that interview.

There is one exception to the notice requirement. PA households that are recertified before the last month of their food stamp certification period need not receive notices of expiration.

"At Certification"

In some cases, you will not be able to provide a notice of expiration by the first day of the last month. This happens when the household is initially certified for 1 month, or when a household is certified for 2 months during the month after it applies. In these instances, you must provide a notice at the time of certification.

There is a standard notice of expiration form. You are encouraged to include an application form with the notice of expiration and an appointment for an interview.

"Application Filing"

There are two instances in which a household has timely applied regardless of when an interview is scheduled. The first is when the application is filed by the 15th of the last month of the certification period. The other is when the notice is

provided at the time of application, and the application is filed within 15 days of the date the notice was received.

To determine if adequate time has been permitted for those households that have to reapply within 15 days, you must use the postmark on the notice of expiration, plus 2 days for mailing. In cases of dispute, the household may show that the notice of expiration was not received in time.

When an eligible household reapplies on time, it must not experience an interruption in benefits, unless it fails without good cause to appear for a scheduled interview. State agencies must act on timely applications within certain time standards. In some cases, it may have to provide an opportunity to participate outside the normal issuance system.

Eligible households, given a notice of expiration at the time of certification, are entitled to an opportunity to participate within 30 days from the date it had an opportunity to obtain its last allotment.

For households which file an application by the 15th of the last month, you must approve or deny the application by the end of the certification period.

"Normal
Issuance
Cycle"

Eligible households are entitled to an opportunity to participate by their next normal issuance cycle. In some cases a household is not determined eligible until after the normal issuance cycle because of a State agency error. If so, the State agency must provide the household an immediate opportunity to participate.

The State agency must give lost benefits to any household that timely reapplied, but was unable to participate in the month following the expiration of the certification period.

Change of
\$25 Visual

An application not submitted in a timely manner is treated as an application for initial certification. However, previously verified income or actual utility expenses, which change by \$25 or less, are not verified if the application is received 30 days after the certification period ends. If a household refuses to cooperate in providing the required information, its application is denied.

In some cases, the household may have had good cause for failing to timely reapply, or to otherwise complete the recertification process. These households are entitled to restoration of lost benefits if, as a result of this failure, they were

unable to participate in the month following the certification period.

You must make the determination of good cause on a case-by-case basis. It includes failure to receive a timely notice of expiration, or personal illness.

This concludes the recertification requirements.

(Summary)

Now I will review some of the points that were covered by this section.

- A household must receive a notice of expiration of its certification period and have adequate time to reapply,
- You must approve or deny a household before the end of the current certification period if the household applies by the 15th of the last month,
- Households that timely apply must have an opportunity to participate within a specific time, and
- Benefits cannot continue beyond the end of the certification period unless a household is recertified.

(Pause)

(Objectives) The last subject of this three-part presentation is the 2 -month continuation provision. This provision was made to prevent an interruption in benefits when a household moves.

"2-Month
Continuation" Households may move from one project area to another or to another State. When this happens, you must provide a continuing certification for 2 months after the move.

(Text) Households are eligible for a continuation if their membership doesn't change, and they continue to meet the household definition.

However, those certified under disaster eligibility standards are not eligible. Neither are those certified under expedited procedures unless verification, which was initially postponed, is later completed. Lastly, the households are ineligible if they contain an SSI member and move to a SSI "cash-out" State.

"Form
FNS-286" If a household is eligible for a 2-month continuation, the project area from which it is moving must prepare a Form FNS-286, Certification of Transfer of Household Benefits. If the household has already

received its allotment for the month of the move, you must authorize a certification continuation for 2 months after the move. You must give the FNS-286 to the household. It will deliver it to the new project area.

A household may move into your project area and give you a FNS-286. When it does, you must decide whether the membership has changed, and whether it still meets the household definition. In Massachusetts and Wisconsin, the project area must also check to see if there are any SSI members. If the household still qualifies, you must issue the allotment authorized by the form for the first month.

If it no longer meets the continuation criteria, it is denied. In order to participate, it will have to complete a new application. For example, this would happen when there has been a change in household membership.

When the household gives the form to the new project area, it must also report any other changes that would normally be reported. The second issuance in the new project area, if any, must reflect these changes.

"Changes in
Second
Issuance"

A household may participate in the former project area during the month of the move, and present the form to the new project area that same month. When this occurs, you must accept and act on it in time for the next month's issuance.

On the other hand, a household may decide not to participate in the former project area during the month of the move. Instead, it may present the transfer form to the new project area that month. In this case, the new certification office must give the household an opportunity to participate in the month of the move.

"Expedited
Service"

If the household anticipates zero net monthly income when it arrives, it may reapply and receive expedited service.

"Same
Rights:"

Households participating on the basis of an FNS-286 are entitled to the same procedural rights as any other household. This includes notices of adverse action on reported changes. In addition, they get a notice of expiration before the end of the second month of issuance which is authorized by the FNS-286.

A household may ask to be certified in the new project area. It can do this at any time during its participation under the FNS-286.

"New
FNS-286

You must issue a new FNS-286 to households that move during the 2 months covered by the original FNS-286. The new form must cover the balance of the period covered by the original form. It must also reflect changes reported to the new project area. If the household is recertified in the new project area, and qualifies for a 2-month continuation, you must issue a new FNS-286 for 2 additional months.

Case Record or
286 Visual

If a household moves from one political subdivision to another in the State, the State agency must make continuous service available to it. This is done by transferring records or by providing a FNS-286, depending on your State's procedures.

Forms FNS-286 are kept in secure storage and controls are maintained to prevent and detect unauthorized use.

(Summary)

Remember, for a household to be eligible for a 2-month continuation of benefits:

- its membership can't change,
- it must still meet the definition
of a household,

- it can't contain an SSI member and move to a cash-out State, and
- the household can't be certified under disaster procedures or the expedited service procedure if verification is incomplete.

This concludes the presentation on notices of adverse action, recertification and 2-month continuations.

(Workbook)

X. Fair Hearings

(Objectives) This segment concerns fair hearings. By law, a household has a right to a fair hearing when it is dissatisfied with an adverse State agency action. It is the responsibility of the State agency to make sure that households are fully aware of their right to a fair hearing.

The fair hearing provisions in this segment are designed to make sure that the decisions are fair, and within the law.

Because this information is important, the objective of this segment is to teach you to:

- distinguish between local-level and State-level fair hearings,
- explain the time limits for appealing and for making the decisions effective, and
- determine when continued benefits are necessary.

(Text) A household may ask for a fair hearing on any action
Fair Hearing taken by the State agency that will adversely affect
Visual

its participation. State agencies may hold fair hearings at the State level only or at the local level and allow an appeal to the State level. You should check your Certification Manual to see which applies to you.

"State Level
60 Days"

If your State agency has State-level hearings, it must hold the hearing and make a decision in 60 days of the request. If the hearing results in increased benefits, you should change the allotment in 10 days of the decision. You may take longer than 10 days to make the decision effective in the normal issuance cycle, if it is during the 60-day period. You must make changes which result in a decrease in benefits for the next scheduled issuance.

"Local Level
45 Days"

"Make Decision-
Take Action"

This action is taken on a local-level hearing in 45 days.

The household is entitled to a postponement of the hearing for up to 30 days. If the hearing is delayed, action on the decision can be extended for as many days.

"Expedited
Conference-
2 Days"

Your office may offer an agency conference to any household. If the household was denied expedited certification, your office must offer a conference in 2 working days. The agency director or the

responsible supervisor must attend. Unless the issue is resolved, and the household withdraws its request in writing, a hearing is scheduled.

Requests are expedited from households, such as migrants, that plan to leave before a decision would normally be reached. These cases are processed faster than others so they can receive a decision before they leave.

A single group hearing may be held when individual facts are not disputed and issues of law, regulation, or policy are being raised. All group hearings follow the policies governing individual hearings. For instance, each household may present its own case, or have the case presented by a representative.

At the time of application, you must inform the household, in writing, of its fair hearing rights. You should also remind the household of its right to a hearing when it disagrees with some action. A household can request a hearing on any action which occurred in the prior 90 days. In addition, it may request a hearing any time during the certification period on its current benefit level.

The household's request to have its case reviewed may be either oral or written. Its representative may also request the hearing.

States Must
Help Visual

Sometimes, specific materials are necessary for a household to determine whether it should request a hearing, or prepare for a hearing. When this happens, you must make these materials available, free of charge. You must also advise the household of any available legal help. Copies of your State agency's rules of procedures are available to any interested parties.

"Withdrawn or
Abandoned"

Only under certain conditions can a request for a hearing be dismissed. This happens when a request is not received within the required time period,

"Written
Statement"

it's withdrawn in writing, or the household or its representative fails, without good cause, to appear at the hearing.

Within the adverse notice period, a household may request a fair hearing. If it does, benefits are continued on the basis authorized immediately before the notice of adverse action unless the household waives this. They are stopped when the certification period expires.

"Benefits
Reinstated"

If a hearing request is not made within the advance notice period, benefits are reduced or terminated as proposed. However, if the household establishes that it did not make the request within the advance notice period for a good cause, benefits are reinstated on the prior basis. Good cause can mean such things as illness or an emergency.

When mass changes are made, benefits are reduced or terminated without advance notice. In these instances, participation is reinstated on the prior basis only if the household claims that its eligibility or benefits were improperly computed, or that Federal law or regulation was misapplied or misinterpreted.

"Certification
Period Expires"

When benefits are continued or reinstated, they are only reduced or terminated before a hearing decision in four instances. First, when the certification period expires, benefits are terminated. However, households may reapply and may be eligible for a new certification period. The benefit amount is then determined by you.

"Federal Law,
Regulation or
Policy"

Second, benefits are reduced or terminated, when the hearing official makes a preliminary finding that the only issue is one of Federal law or regulation, and the household's claim is invalid.

"Changes When
Hearing
Pending"

Third, benefits are reduced or terminated, when an uncontested change occurs, while the hearing decision is pending. For example, a household is appealing its excess shelter deduction, but not a later increase in salary. In this case, the change to reflect the salary increase is made after the appropriate notice of adverse action period expires.

Lastly, some mass changes are made when hearing decisions are pending.

Your office must promptly inform the household, in writing, if benefits are reduced or terminated pending the hearing decision.

Convenient
Visual

The State must schedule the time and place of the hearing, so that it is accessible to the household. At least 10 days before the hearing, it must give all parties involved advance written notice so they can prepare for the case. However, the household can request less advance notice to expedite the hearing. There is a standard form for notifying the household. The State must also send a copy of the hearing procedures with the notice.

The State agency will appoint an impartial official, who does not have a personal stake or involvement in

the case, to conduct the hearing. The hearing official will administer oaths and assure that all issues are considered. He will receive, or request, and make part of the record, all evidence that is necessary to decide the issues.

Additionally, the hearing official will regulate the conduct and course of the hearing consistent with due process. He may order an independent medical assessment or professional evaluation. It is important that both the household and the local office are satisfied with the source.

Finally, the official will provide the hearing record and a recommendation for a final decision to the hearing authority, or, if the hearing official is the hearing authority, render a decision. The hearing authority is the person who makes the final administrative decision.

A representative of your local office, who initiated the action being appealed, and the household or its representative, must attend the hearing. Friends or relatives of the household may also attend. However, the hearing official may limit the number of persons because of limited space.

"SA & HH can
Examine all
Documents"

The household, or its representative, must have an opportunity to look at all documents and records that are used at the hearing. They can do this at a reasonable time before the hearing, as well as during the hearing. Your office must make the contents of the case record available. However, confidential information not relevant to the hearing is protected from release.

"Safeguard
Confidential
Information"

Examples of confidential information are the nature or status of pending criminal prosecutions, and the names of people who gave information about the household, without its knowledge. If requested, your office must give free copies of nonconfidential material in the case record to the household.

The household may present the case or have it presented by legal counsel or other persons. It may also bring witnesses and advance arguments, without undue interference. And, it can question or refute any testimony or evidence. This includes confronting and cross-examining adverse witnesses. Additionally, it may submit evidence to establish all pertinent facts and circumstances in the case. Decisions are based on material and testimony introduced at the hearing. The State must maintain a record of the hearing and make it available to the household, at a convenient place and at a reasonable time.

Decision
Visual

A decision by the hearing authority is binding on the State. It must summarize the facts, state the reason for the decision, and identify supporting evidence and pertinent regulations.

The State agency must notify the household and your office, in writing, of the decision, the reason for it, available appeal rights, and the effect on the household's benefits. It must also advise the household that an appeal may result in a reversal of the decision.

If a State-level hearing decision upholds your action, the household is notified of the right to pursue judicial review of the decision.

Rights
Visual

When a local-level hearing decision upholds your action, the household is advised of the right to request a completely new State-level hearing or a review of the decision based on the hearing record. If the household doesn't state which it wants, it gets a new hearing.

"15 Days to
Appeal State
has 45 Days"

The household must appeal a local-level decision within 15 days of receipt of the hearing decision notice. Within 45 days of any request for a new State-level hearing or review, the State agency must make a decision,

and reflect the decision on the coupon allotment.

When the State appeal only reviews the local decision, the State agency must notify the local agency and the household that each may file a summary of arguments. These summaries are then made a part of the record, if they are mailed in 10 days. Both parties are told that failure to file a summary will not affect the decision.

All hearing records and decisions are available to the public for inspection and copying. This is subject to the normal disclosure safeguards. All identifying names and addresses are confidential.

"Benefits Stop
at Next Issu-
ance"

Suppose the local hearing upholds your action. Then, any benefits that were continued pending the hearing are discontinued as of the next scheduled issuance.

"Collection
Postponed"

It doesn't matter whether an appeal is filed. However, collection action on any claims is postponed until the 15-day appeal period has ended. If an appeal is requested, the action is postponed until the State level upholds the local decision.

"Lost
Benefits
Postponed"

When the local hearing decides in favor of the household, benefits are continued or reinstated in 45 days. Any lost benefits due are issued as soon as administratively feasible.

(Summary)

This concludes the segment on fair hearings.

To understand the fair hearing process, you must know:

- the difference between local-level and State-level fair hearings;
- the time limits for appealing and making the decisions effective; and
- when continued benefits are necessary.

(Workbook)

XI. Fraud Disqualification

(Objectives)

This segment concerns disqualifications for fraud.

Persons committing fraudulent acts risk disqualification for as long as 3 months, following an administrative hearing. Also if a court of law finds a person guilty of fraud, the disqualification period can extend to between 6 and 24 months. This period is determined by the court. These regulations were developed because of a specific mandate in the new legislation to disqualify such individuals.

This segment is a review of the procedures that State agencies must follow in making fraud disqualifications. Also, the rights of the individuals involved are emphasized.

The objective of this segment is to give you enough information so that you are able to:

- determine whether or not a participant may have committed fraud,
- identify the different activities classified as fraud, and

- become familiar with the procedures for fraud hearings, notices of decision, and fraud disqualifications.

(Text) Mike: Betty, if you have a few minutes, could we talk about fraud hearings and disqualifications?

Betty: Sure, Mike. What can I help you with?

Mike: Well, to begin with, for our purposes what is the difference between fraud and an honest error by a participant?

Fraud
Visual

Betty: A fraudulent act is committed knowingly, willfully, and with intent to deceive. This means the client is fully aware of doing something wrong, such as giving false information, but does it anyway.

Fraudulent
Acts

Mike: I see. Can you give me some examples of fraud?

Betty: Sure. There are several kinds. One is a false statement, either orally or in writing.

Another is concealing information to get food stamps. Other examples are altering coupons or ATP cards, and using or possessing coupons to buy ineligible items like alcohol or tobacco. Finally, it is fraudulent to give coupons or ATP's to someone who is not authorized to accept them, and who does not use them on behalf of the household.

Mike: In other words, I am committing fraud if I deliberately give you incorrect information, so that I can receive more benefits than I should.

Betty: That's right.

Mike: Am I also committing fraud if I misuse coupons that are rightfully mine?

Betty: Yes, you are.

Mike: Okay. Now I understand that the State agency can disqualify individuals who have committed fraud.

Individual Not
entire Household"

Betty: You should also know that only the individual responsible for the fraudulent act is disqualified, not the entire household.

Mike: This is an important distinction. But I also want to know when the State agency can disqualify these individuals.

Betty: This occurs when an administrative fraud hearing finds them guilty of fraud.

Administrative
Fraud 3 Months"

Mike: If this happens, how long is the individual ineligible?

Betty: Three months. The amount of the overissuance doesn't matter and the number of times fraud was committed doesn't matter.

Mike: Can an individual be disqualified based on a fraud determination by the State's investigative unit?

Betty: No. The only other time individuals can be disqualified is when a court finds them guilty of fraud.

Mike: If this happens, how long are the individuals ineligible?

"Criminal/Civil Fraud 6-24 Months" Betty: Between 6 months and 24 months. The court, of course, makes the actual decision.

"Penalties in Application" Mike: How does the household know of the penalties for committing fraud?

Betty: The penalties are stated on the application.

Mike: When is an administrative fraud hearing initiated?

Betty: Well, first the State agency must have documented evidence that a currently certified household member has committed fraud. Then it must believe that the evidence warrants the disqualification of the individual.

Mike: So, the State agency doesn't have to hold fraud hearings on all cases of suspected fraud?

Betty: Right. For instance, it must not hold fraud hearings, if the overissuance is less than \$35.

Mike: Of course, the burden of proof is always on the State agency.

Burden of Proof
on State agency

Betty: Right.

Mike: What if the household member is not certified when the suspected fraud is discovered?

Betty: Then the hearing is initiated when the household member is certified.

Mike: Can the State conduct the hearing, even if legal action is planned?

Betty: Yes.

Mike: Can a fair hearing be combined with an administrative fraud hearing, if the factual issues of both involve the same or related circumstances?

Betty: Yes, if the household is given prior notice.

Mike: Aren't fraud hearings conducted at the State level?

"Hearing at
State-Local
level"

Betty: In some States, administrative fraud hearings are held only at the State level.

In our State, local hearings are held in some of the project areas, with a right to appeal to the State level.

Mike: I assume the fair hearing provisions for the hearing official, the conduct of hearings, and the prohibition against decisions contrary to law, regulation, or policy, apply to fraud hearings?

Betty: Yes. However, the household member is not required to answer questions.

Mike: How long does the State level have to conduct the hearing, arrive at a decision and make it effective?

"90 days to
make decision
and take
action"

Betty: Ninety days from the date the household member is notified that the hearing is scheduled.

Mike: How long can a household member postpone a hearing?

Betty: Up to 30 days. If a delay is granted, the 90-day time limit is extended for as many days as the hearing is delayed.

Mike: When must the State agency notify the suspect of the hearing?

Certified
Mail Visual

Betty: A notice is sent by Certified Mail-Return Receipt Requested, at least 30 days in advance. A copy of the hearing procedures is attached.

Notice of
Hearing Visual

Mike: How much advance notice do household members who are appealing to the State level get?

Betty: They are notified 10 days in advance of the scheduled hearing.

Mike: What if the household member can't be located, or fails to attend the initial hearing?

Betty: A hearing decision is still made, based on the available evidence. If the person is found guilty, but had good cause for not being at the hearing, the previous decision is invalid and a new hearing is held.

Mike: What if a local fraud hearing is appealed, but the household does not show up?

Betty: Then the hearing is dismissed, and the household is disqualified unless it provides good cause. If it had good cause, the hearing is rescheduled.

Mike: How long does the person have to present reasons indicating good cause?

Betty: Ten days from the date the fraud conviction notice is received.

Mike: Until the member is found guilty, is either the household's eligibility or benefit level affected by the suspected fraud?

Betty: No. The household is treated like any other household. For example, the household's benefits are terminated at the end of the certification period if it does not reapply and is found eligible.

Mike: If a fraud hearing is held because a person allegedly failed to report an increase in income, can you reduce or terminate the benefits based on this?

Betty: Only if you have verification of the increase.

Mike: What information must the hearing official's decision contain?

Betty: The written decision must contain three things. It must specify the reason for the decision. It must also identify the supporting evidence, and the pertinent Federal regulation. Finally, it must respond to the household's arguments.

Mike: Is the household member notified of the decision in writing, even if that member is found innocent?

Betty: Yes. There are standard notices for local and State fraud hearing decisions.

Mike: How are they different?

Betty: Local-level hearing notices inform the household member of the deadline for requesting a State-level hearing. And a copy of the State-level hearing procedure is sent with the notice.

Mike: How long does the household member have to appeal a local fraud decision to a State-level hearing?

Appeal Period
Disqualification
Visual

Betty: Fifteen days after receiving the hearing decision notice. The notice is sent by Certified Mail-Return Receipt Requested to determine when the household receives the notice.

Mike: If the household member doesn't appeal the local fraud decision, when does the 3-month disqualification begin?

Notice/Dis-
qualification
Visual

Betty: It begins with the first month after the 15-day period expires.

Mike: If the person requests an appeal, is that person disqualified before the State-level decision is reached?

Betty: No. The person is only disqualified if the State-level hearing also finds the household member guilty.

Mike: If a State-level hearing is requested, is a completely new hearing conducted in every case?

"State has
60 Days"

Betty: Yes. In the new fraud hearing, the prior decision is not considered. The new decision is made within 60 days of the request.

Mike: If a household member is found guilty of fraud by a State-level hearing official, when does the disqualification period begin?

Betty: It begins the first month after the date the member gets the State-level hearing notice.

Mike: I have some questions about court disqualifications. Is a court-ordered disqualification imposed separate and apart from an administrative disqualification?

Disqualifi-
cation
Period Visual

Betty: Yes. For example, a household member may be administratively disqualified for 3 months, and concurrently disqualified for 6 to 24 months by a court. However, the State agency cannot initiate, or continue, any disqualification period that is contrary to a court order.

No Disqualification
Visual

Mike: If a court finds the person guilty, but does not order disqualification, is the person disqualified anyway?

Betty: No. The person is only disqualified for the length of time specified by the court. For this reason, State agencies should encourage local prosecutors to recommend disqualification as a penalty, in addition to civil or criminal penalties.

Mike: If disqualification is ordered, but a date for initiating the disqualification period is not specified, when is it effective?

Betty: The member is disqualified beginning with the first month after the date the disqualification was ordered.

Mike: What happens if a court overturns a fraud disqualification?

Betty: The individual is reinstated, if the household is eligible. In addition, any benefits lost are restored.

Mike: I think that answers all my questions. Thank
you for going over this material with me.

(Summary)

This concludes the provisions for fraud disqualifications.

Now you should know:

- What constitutes fraud,
- Who is disqualified by a fraud determination,
- How long an individual is disqualified,
- What the procedures are for fraud hearings, and
- What the procedures are for notifying individuals
of a hearing decision.

(Workbook)

XII. Restoration of Lost Benefits

(Objectives)

This segment concerns restoring lost benefits.

The amount of benefits a household can receive is determined by its income and expenses. When a household receives less benefits than it should, you must provide the household with the benefits it has lost.

The provisions covered in this segment are meant to insure that households receive all the benefits they are eligible to receive. The objective of this segment is to enable you to:

- determine when a household should receive lost benefits, and
- calculate the amount of any benefits you must restore.

(Text)

When a household received fewer stamps than it should have, and the loss was caused by a State agency error, you must restore the benefits.

Lost Benefits
Visual

Good Cause
Visual

You must also restore benefits in certain instances when the loss was caused by the household's failure to act if there was a good reason. Lastly, you must restore benefits if a fraud disqualification is reversed.

However, except for benefits which are restored as the result of a fraud disqualification reversal, benefits are only restored for the last 12 months. They are not restored if they were lost more than 12 months before the most recent of the following:

1. The month you are notified of the possible loss,
2. You discover the loss, or
3. The date the household requests a fair hearing.

Lost Benefits
Example
Visual

For example, assume that an error happened in August 1977, and continued through November 1978. The error is found and corrected in December. So the household only gets 12 months of retroactive benefits. The retroactive benefits are for December 1977 through November 1978.

If you discover a loss of benefits, you should automatically take action to restore any benefits that are lost. No action by the household is necessary. You must notify the household when it is entitled to lost benefits. You must also notify it of the amount to be restored, any offsetting that was done, the method of restoration, and the right to a fair hearing.

A household may request a fair hearing on the amount to be restored or any other action that is taken to restore benefits. The household must request this hearing in 90 days from when it is notified of its entitlement. If a fair hearing is requested before, or during the time lost benefits are being restored, the household must receive the lost benefits as you determined them, pending the results of the hearing. If the hearing decision is favorable to the household, you must restore lost benefits in accordance with that decision.

"Hearing Request:
HH has 90 days"

Sometimes, a household may believe it is entitled to lost benefits, but you don't agree. When this happens, the household has 90 days from the date of your decision to request a fair hearing. Benefits are restored only if the decision is favorable to the household.

"Administrative
Errors"

Some errors allow households to participate with reduced benefits. In these cases, the under-issuance occurs during the months the household participates, while the error is in effect.

Sometimes benefits are erroneously denied, delayed or terminated. In these situations, the first month that benefits are not received as a result of the error is the first month of the loss. The loss ends with either the first month the error is corrected or the first month the household is found ineligible.

Administrative
Error A/S/D
Visual

For example, assume that a household applied and was wrongly denied in August. It was ineligible in September, and it was certified in December. The household is only entitled to the August benefits, because it was ineligible in September.

For each month affected by the error, you must determine if the household was actually eligible. Sometimes, the case file does not have enough information to document eligibility. If it doesn't, the household has to provide the information. The household is ineligible for any month that it can't show that it was eligible.

Computing
Difference
Visual

For the months the household is eligible, you must calculate the allotment it should have received. If the household received a smaller allotment than it should have, the difference between the actual and correct allotments is the amount you restore. For example, if the correct allotment was \$300, and the actual allotment was \$100, the amount of benefits lost each month is \$200.

Unpaid claims and those held in suspense are deducted from lost benefits before the balance, if any, is restored to the household. However, when a household is first certified, the initial allotment is not reduced to offset claims, even if it is paid retroactively.

Individuals erroneously disqualified for fraud are entitled to restored benefits for those lost during the months they were disqualified. However, this is true only if the decision that resulted in the disqualification is overturned or reversed. The amount restored is determined by computing the allotment it would have received, if the

disqualified member were allowed to participate.

If the household received a smaller allotment than it should have, the difference between the two is the amount that is restored. Benefits are restored, regardless of how much time has elapsed since the household was disqualified.

"Restored
Benefits
and Regular
Allotment"

You must restore lost benefits by issuing an allotment equal to the amount of benefits that were lost.

It doesn't matter whether the household is currently eligible. The amount restored is issued in addition to any allotment a household is currently receiving. You should honor requests by households to restore lost benefits in monthly installments, if the household is afraid the extra coupons may be lost or stolen. You may also make monthly installments if the amount to be restored is more than the household can use in a reasonable period of time.

Sometimes, lost benefits are due, but a household breaks up. In this case, lost benefits are restored to the household containing a majority of the people,

who were household members at the time of the loss. If this can't be done, benefits are restored to the person who was the head of the household at the time of the loss.

Some households were assigned a purchase requirement that was too high or based on the wrong household size before elimination of the purchase requirement. They are entitled to lost benefits if they received fewer bonus stamps as a result.

Your office has its own system for recording a household's entitlement, keeping track of the balance to be restored, and identifying unpaid claims against households.

(Summary)

This concludes the section on restoring lost benefits. When you are deciding whether lost benefits should be restored, you will need to know:

- Whether the household received fewer benefits than it was entitled to,

- What caused the loss of benefits,
- When did the loss happen, and
- What the difference is between the amount
of benefits the household actually received,
and the amount it should have received.

With this information you can decide whether a household should have benefits restored, and in what amount.

(Workbook)

XIII. Claims Against Households

A. Establishing Claims and Nonfraud Claims

(Objectives)

This segment deals with establishing claims and handling nonfraud claims. One of the most significant means for promoting program integrity is through the claims procedure. Claims are established against households to recover overissuances. These are caused by both participants and eligibility workers. In this segment, the situations requiring claims, and the methods employed in establishing claims, are reviewed.

The objective is to teach you this information so that you will be able to:

- Recognize when and why you must establish a claim against a household,
- Compute a claim,
- Determine whether or not to initiate collection action, and
- Employ the proper procedures when pursuing a claim.

(Text)

Mike: Betty, do you have the time to talk about participant fraud and nonfraud claims?

Betty: Sure.

Claims Against
Households
Visual

Mike: Is a claim always established against a household whenever it receives more food stamp benefits than it is entitled to?

Betty: Yes,

Mike: Does this mean that a claim is established when a household does not provide correct or complete information? Is it also true when the household fails to report changes in its circumstances?

Betty: Yes.

Altered
ATP Visual

Duplicate
ATP Visual

Mike: And does it also mean that a claim is required when a household alters its ATP, or transacts both the original ATP and a replacement?

Betty: Yes. But don't forget, a claim is required when a household loses its fair hearing and is determined ineligible. This is also true when the household is eligible for fewer benefits than it received, pending the appeal.

Mike: Don't administrative errors result in claims too?

Betty: Yes. A claim is required when you assign an incorrect allotment, or fail to take prompt action on a reported change.

Mike: Does this mean that a claim is also required when the household's income and deductions are incorrectly computed? And, that it's required if duplicate ATP's issued to a household are transacted?

Betty: Yes.

Mike: So, many claims will not involve fraud?

<p>Betty:</p> <p>"Nonfraud"</p> <p>"Actual \$310</p> <p>Correct \$130"</p>	<p>Right. Claims are established for all overissuances. This includes overissuances caused by an administrative error on your part, or a misunderstanding or unintentional error on the part of the household. For example, a household may unintentionally fail to report a \$9 a week raise. Another example is if you assign an allotment of \$310, instead of the correct \$130.</p>
<p>Mike:</p>	<p>Must I establish a claim against the household, if the overissuance occurred 2 or 3 years ago?</p>
<p>Betty:</p> <p>"12 Months"</p>	<p>No. A claim is only established within 12 months from the date the nonfraud overissuance occurred, and the month the error is discovered. There is no claim for any overissuance that occurred more than 12 months ago unless it involved fraud.</p>
<p>Transacted</p> <p>ATP Visual</p>	<p>Mike:</p> <p>I understand. Now, if a household transacts expired ATP cards, is a claim established?</p>

Betty: No. The household is not liable for this.

Mike: If I forget to make sure that the household signs the application, or completes a current work registration form, is a claim required?

Betty: Not if the household is otherwise eligible. The same is true if the household applies, and is certified, in the wrong project area. Or, the household receives food stamps after its certification period has expired.

Mike: Are there any other cases when a claim is not required?

Betty: Yes, one. If a household received more food stamps than it should have, because its PA grant changed and you didn't make the food stamp change, a claim is not required.

Mike: Does that mean nothing is done about these errors?

Betty: No. The procedural errors are counted as errors in quality control reviews. Also, corrective action is required.

Computation
Visual

Mike: How is a claim computed?

Betty: First, exclude any overissuance that occurred more than 12 months before the date the overissuance was discovered. Next, find the correct allotment the household should have received for those months. Then, subtract this amount from the allotment the household actually received. The claim, then, equals the difference between these amounts.

Mike: Suppose that, due to a misunderstanding or inadvertent error, the household failed to report a change within 10 days of the date the change became known. What is the first month of overissuance?

Betty: The first month is the month after the month in which the change occurred.

Mike: What if the household reported a change on time, but I forgot to act on the change?

Betty: The first month of overissuance
is the month in which you should have
made the change effective.
If a notice of adverse action was
required, but not sent, you assume
that the notice period expired
without the household requesting a
fair hearing.

Mike: After the amount of the nonfraud
claim is found, then what happens ?

Betty: First, the amount of the claim is
offset against any lost benefits
that have not yet been restored.
Collection action is then initiated
for the remaining balance, if any.

	Mike:	Is collection action taken on all nonfraud claims, if collection is not made through offset?
"Under \$35 No Collection"	Betty:	No. There are two exceptions. No collection action is taken on nonfraud claims that are less than \$35. The same is true when you can document that it is impossible to locate the household.
	Mike:	What kind of collection action is made?
Demand Letter Visual	Betty:	A written demand letter is sent to the household. There is a standard form for this.
	Mike:	Is there any difference between fraud and nonfraud demand letters?
"Voluntary Repayment"	Betty:	Yes. Demand letters for nonfraud claims must include a statement that payment of the claim is voluntary, and that refusal to pay will not affect the household's eligibility.
	Mike:	What if the household doesn't respond to the first demand letter?

Betty: The certification office must send additional demand letters at 30-day intervals. This is done until the household responds by agreeing to pay the claim, or the criteria for suspending or terminating the collection action is met.

Suspension
Visual

Mike: When is a claim held in suspense?

Betty: When the household cannot be located. Also, after one demand letter if the household is financially unable to pay or it probably won't pay. Collection action is also suspended when it would cost more than the amount to be recovered.

Mike: When is a claim determined uncollectible?

"Uncollectible
After 3 Years"

Betty: After it has been held in suspense for 3 years. An uncollectible claim may be used to offset benefits to be restored.

Mike: That seems to cover all of the questions I have on establishing claims and non-fraud claims. Thank you.

Betty: You're welcome. Let's get back together
later to discuss fraud claims and
reporting.

(Summary)

This concludes the section on nonfraud claims.

Now, you should know:

- When a claim is established
against a household,
- How the claim is computed,
- When collection action is
initiated, and
- The procedure for pursuing a
claim.

(Workbook)

XIII. Claims Against Households

B. Fraud Claims and Reporting

(Objective) This segment deals with fraud claims, and reporting requirements for all claims. To defer fraudulent activity and maintain program integrity, the new food stamp regulations provide for establishing fraud claims against households. Also, to satisfy the need for program accountability, monthly reports are required on claim payments.

The object of this segment is to give you enough information so that you are able to:

- recognize when a claim is handled as a fraud claim,
- initiate collection action for fraud claims,
- suspend collection action when appropriate, and
- determine a claim uncollectible.

(text) Mike: Hello, Betty. I have some questions
"Fraud Claims" that I was hoping you could answer.

For instance, when is a claim handled as a fraud claim?

"Flagrant Violations"

Betty: After an administrative fraud hearing or a court has found the household guilty of fraud. Until a determination of fraud is made, a claim is handled as a nonfraud claim.

Mike: Must I establish a fraud claim within a specific period of time, like nonfraud claims?

Betty: No. You must determine the correct amount of benefits, if any, that the household should have received for each month that the household member fraudulently participated.

Mike: What is the first month of overissuance?

Betty: The first month benefits were overissued is the month after the month in which the change occurred.

Mike: Are active fraud claims offset against lost benefits?

Betty: Yes, just like nonfraud claims.

Mike: If a household member is found guilty of fraud, is collection action always pursued?

Betty: No. Collection action is not taken if documentation shows that you cannot locate the household. It is also not taken if a legal representative, who is prosecuting the household member, advises in writing that collection action will prejudice the case.

Mike: What if the court doesn't address repayment?

Betty: Collection action is taken for the full amount of the loss. In addition, collection action is taken for the full amount, even if the amount of repayment ordered by the court is less than the loss, or if the individual has been confined.

Mike: What collection action is taken?

Letter and
Telephone
Visual

Betty: Standard demand letters are sent, and, if possible, a personal contact is also made.

Mike: How many demand letters are required?

Amount

Betty: At least one demand letter is sent

Visual

for fraud claims under \$100. At least two demand letters are sent for fraud claims between \$100 and \$400. And, at least three demand letters are sent for fraud claims over \$400.

Mike: How often are demand letters sent?

Betty: They are sent at 30-day intervals.

Mike: When is collection action suspended on nonfraud claims?

Betty: When the household cannot be located. Also, if the appropriate number of demand letters has been sent, further collection is suspended in three instances.

Mike: What are they?

Betty: The first one is when the household is financially unable to pay. The second one is when there is little likelihood the State agency can collect any significant sum. The third instance is

when the cost of further collection action is likely to exceed the amount that can be recovered.

Mike: When is a claim determined uncollectible?

Hold Visual

Betty: After it has been held in suspense for 3 years. You should also know that an uncollectible claim may be offset against benefits to be restored.

Mike: What if household membership has changed?

Betty: In that case, collection action is taken against the head of the household. If that person is dead or isn't located, collection action is taken against the household containing a majority of the original household members.

Mike: Can you collect fraud and nonfraud claims in installments?

Lump-Sum
Installments
Visual

Betty: Payments are usually collected in one lump sum. This is true, as long as the household is financially able to pay in

one lump sum, or has liquid resources it can use to pay the claim. Otherwise, payments are accepted in regular installments.

Mike: But what if the household cannot pay the claim in 3 years, without creating a hardship?

Betty: In that case, the claim is reduced to an amount that will allow the household to pay it in 3 years.

Mike: Can a household's benefits be denied, terminated or reduced because a household fails to sign a repayment plan or to repay the claim?

Betty: No.

Mike: How are payments on fraud and nonfraud claims transmitted to the Federal government?

Betty: No later than 30 days after the end of each month, the State agency submits a single check. This check consolidates on a Statewide basis all of the payments

collected during the previous calendar month. In addition, all payments are submitted in 60 days of the date that a household makes the payment.

Mike: Does the State agency report to the Federal government on activities relating to claims?

Monthly
Report
Visual

Betty: Yes. A standard monthly report is submitted no later than 30 days after the end of the month. We also have an accounting system for monitoring claims against households.

Mike: Well, I think that answers all of the questions I had on claims against households. Thank you for going over the subject with me.

Betty: You're welcome, Mike.

(Summary)

This concludes the section on nonfraud claims. Now, you should know:

- When a claim is handled as a fraud claim,
- What collection action is taken on fraud claims,
- When collection action is suspended, and
- When claims are determined uncollectible.

(Workbook)

